FINANCIAL TIMES
PUBLISHED IN LONDON AND FRANKFURT
No. 28,824 Wednesday July 14 1982 ***30p
CONTINENTAL SELLING PRICES: AUSTRIA Sch. 15; BELGIUM Fr 36; DENMARK Kr 6.50; FRANCE Fr 5.00; GERMANY DM 2.0; ITALY L 1,000; NETHERLANDS Fl 2.25; NORWAY Kr 6.00; PORTUGAL Esc 50; SPAIN Pta 85; SWEDEN Kr 6.00; SWITZERLAND Fr 2.0; EIRE 50p; MALTA 30c

NEWS SUMMARY

GENERAL

Tuite is jailed for 10 years

Gerard Tuite, convicted for having explosives and bomb making equipment in London, was jailed for 10 years in Dublin.

Tuite, aged 27, from Mountnugent in County Cavan, is the first person to be tried by authorities in the Irish Republic for terrorist offences in England.

He was tried under a law introduced in response to criticism of Ireland's failure to extradite its citizens for crimes said to have political links. Page 8

Terror haul

A search in Belfast's Republican Ladybrook area uncovered some "fairly sophisticated" bomb-making equipment and explosives, said police.

Small majority

The Government had a majority of eight, its lowest since election, in a vote over the Treasury's refusal to make good the 5 per cent cut in the real value of unemployment benefit.

Crash kills five

Five people were killed and 12 injured when an express hit a commuter train at Aalter in northern Belgium.

Children die

Ten children have been killed in Ibadan, Nigeria, after explosions caused by petrol getting into kerosene used as fuel for cooking.

Somali protest

Somalia protested to the UN over "savage Ethiopian attacks" on its territory in the last 10 days, Somali Radio reported.

Ship to be sunk

The Hercules, a 99,827 ton supertanker, attacked by unidentified aircraft near the Falklands last month, is to be sunk off Brazil because of an unexploded bomb on board.

Sailor returns

Youngest British serviceman in the Falklands Task Force, sailor John Batterby, who was 17 while in the Falklands, arrived home on HMS Brilliant.

Palace security

A report on changes needed in Buckingham Palace security, being prepared by Scotland Yard Assistant Commissioner John Dellow, will be ready this week.

Birds scare

Thieves who stole 30 parrots, worth £6,000, from a warehouse near Wisbech, are in danger as the birds have a disease which can be fatal to humans.

Kenneth More

Kenneth More, star of many British films, died in London, aged 67. Page 18

Drinks plea

England's pub opening hours were attacked by the chairman of the British Tourist Board who said tourists find them irritating. Page 6

Soccer tour

TV soccer expert Jimmy Hill is acting as a consultant to the soccer tour of South Africa by 18 professionals with responsibility for persuading the FA and FIFA not to ban players who take part.

Test draw

England drew their final Test Match with India. England 594 and 191—3 dec; India 410 and 111—3. England take the three-match series 1—0.

Briefly . . .

UN Secretary General Javier Perez de Ceullar arrived in Britain for a two-day visit.

BUSINESS

Gold up $16.4 in NY; gilts ease

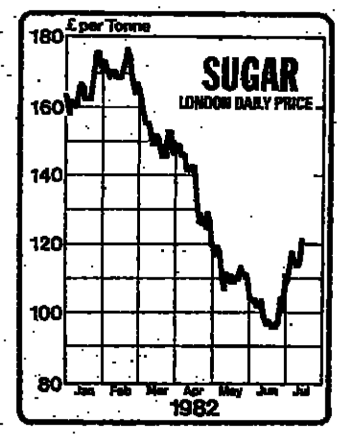
● GILTS recent gains were clipped as holders saw little scope for further improvement following the base rate cuts. The Government Securities index closed 0.19 lower at 70.88. Page 29

● EQUITIES soon followed gilts. The FT 30-share index eased 3.2 to 554.3. Page 29

● WALL STREET was 0.57 down at 824.3 near the close. Page 26

● GOLD rose $5.5 to $348.5 an ounce in London. In New York the Comex July close was $357.5 ($341.1). Page 21

● SUGAR daily morning price was set at £121 a tonne in



London, up £5 and the highest since the end of April. Page 21

● STERLING fell to $1.724, down 1.1c on the day, but rose to DM 4.305 (DM 4.29), FFr 11.935 (FFr 11.9225), SwFr 3.6675 (SwFr 3.65) and Y443.5 (Y440.5). Its trade-weighted index was 91.3 (91.2). Page 30

● DOLLAR rose to DM 2.495 (DM 2.472), FFr 6.925 (FFr 6.8725), SwFr 2.126 (SwFr 2.1025) and Y257.25 (Y253.9). Its index was 121.3 (120.2). Page 30

● MANX GOVERNMENT said a rescue operation for Savings and Investment Bank whose licence was withdrawn on June 25 was not now possible. Page 8

● VATICAN called in three international experts to examine relations between its bank and Italy's financially-troubled Banco Ambrosiano. Page 2

● LIQUIDATORS of Rolls-Royce, the aeroengine group that collapsed in 1971, said a final meeting of stockholders is planned for October. Page 8

● BNOC awarded a £4.5m Beatrice field contract to a Swedish company rather than UK contractors in spite of Energy Department pressure. Back Page

● BRITISH STEEL halved its 1981-82 pre-tax loss to £335m. Back Page; Showing its metal, Page 6; French steel HQ burned down, Page 2

● BRISTOL PORT'S overall loss rose from £10.8m to £11.7m in the year to March 31. Page 6

● WATERWAYS BOARD launches an advertising campaign today to attract more freight traffic. Page 8

● PETROCHEMICAL trade union leaders warned the Government that thousands more jobs could be lost because of feedstock tax concessions.

● MERGER of two South Korean companies sought by Dow Chemical of the U.S. for 18 months will not be opposed, the Seoul Government said. Page 24

● MAGNET and Southerns, timber company, reported taxable profits down from £22.61m to £19.11m in the year to March 31. Page 20; Lex, Back Page

● MITCHELL SOMERS, engineers, raised pre-tax profits from £488,000 to £2.23m in the year ending April 3. Page 20

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES		
British & Cmmnwth	473	+ 8
Brit. Car Auction	99	+ 5
Caledonia Invs.	428	+ 11
Chemring	362	+ 7
Eurotherm	423	+ 16
Glaxo	765	+ 9
Humphries Hldgs.	17	+ 2
Lee Refrigeration	243	+ 10
Sothebys	290	+ 15
Utd. Engineering	275	+ 10
Anglo Amer Corp.	470	+ 30
De Beers Defd.	211	+ 7
Leslie	81	+ 9
Randfontein Ests.	£24¾	+ 1⅞
South African Land	124	+ 18
FALLS		
Treasury 13% 1990	£97¼	− ¾
Blundell-Permoglaze	123	− 5
British Aerospace	226	− 5
Dowty	132	− 5
Ferranti	800	− 10
Magnet & Southerns	158	− 6
NEI	88	− 7
Gld Mines Klgoorlie	150	− 15
Western Mining	155	− 13

Acas bid to avert rail shutdown as BR moves to sack drivers

BY PHILIP BASSETT, LABOUR CORRESPONDENT

URGENT ATTEMPTS to avert the shutdown of the British Rail network were set in motion yesterday as the BR Board decided on tough action against the striking train drivers' union Aslef.

The BR board meeting coincided with intervention in the dispute by the Advisory Conciliation and Arbitration Service. The Acas efforts to prevent a shutdown, led by Mr Pat Lowry, Acas chairman, were still going on last night but there were few hopes in the industry that the initiative would resolve the dispute over flexible rostering.

BR and Aslef both agreed to move to talks at Acas. However, Mr Lowry told reporters: "I would be misleading you if I said we were wildly optimistic about the prospects."

BR refused to disclose the decisions its full board had taken to try to stem the losses, caused by the strike by the Associated Society of Locomotive Engineers and Firemen, until the outcome of the Acas intervention became clear.

But, it is understood, the board decided to shut the rail network from next Wednesday by suspending from then the guaranteed work arrangements provided for the bulk of BR's 250,000-strong workforce.

The delay, until Wednesday, is apparently necessary to try to limit the legal difficulties surrounding any suspension of the guaranteed work arrangements in the industry.

Members of the National Union of Railwaymen, which is not in dispute with BR, have a week's work guaranteed, making the delay essential to allow notices of the suspension to be given to the union. These may have been issued last night or possibly will be today.

This does not, however, preclude legal action by the NUR to try to halt the move; advice to the union is that these arrangements can be suspended only by agreement.

More intractable is the problem of the suspension of guaranteed work for the white-collar Transport Salaried Staffs' Association. Its members are paid on an annually-computed basis, and the union believes, on legal advice, that BR would be breaking contracts of employment with TSSA members if it tried to stop the pay of TSSA members available for work.

Both unions are likely to seek court injunctions preventing BR from carrying out the suspension of the guaranteed working week arrangements—a move which the formal giving of notice might well hasten.

The BR board is also understood to have decided to tell any Aslef members still on strike by, probably, the day before the projected shutdown that they would be deemed to have dismissed themselves.

The sacked drivers would be re-instated only if they accepted flexible rostering.

Leaders of Aslef's 2,000 workers on the London Underground yesterday gave notice that they would take strike action if the BR sackings went ahead.

About 100 Aslef local representatives decided to call the Tube strike before the board met.

NUR officials representing London Underground employees said that their members would not cross any Aslef picket line on the underground—a decision which could, if the strike occurred, severely restrict services.

Within BR, it is thought, consideration is being given to plans to try to keep open those parts of the rail network which are still able to run a "reasonable service," though it was unclear last night exactly how this could fit in with suspending employees' guaranteed work arrangements.

The plan could cover many parts of the Southern Region and areas such as Birmingham and Manchester, which have managed to run a number of trains during the last 10 days of the Aslef strike.

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Doubts grow as railmen think of sacking threat, Page 11
Thatcher denounces Foot, Page 12
Third bill on employment, Back Page

EEC to look at plastics cartel

By Giles Merritt in Brussels

PROPOSALS for a "crisis cartel" to control production and oversee restructuring in the EEC plastics and petrochemicals industry will be discussed in Brussels today by top industry executives and senior European Commission officials.

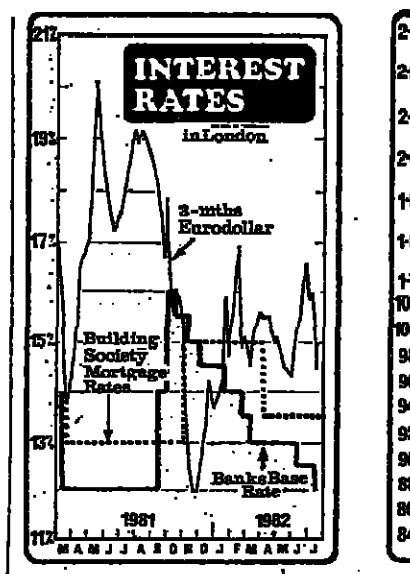
The six companies represented at the talks are understood to be ICI and Shell; Rhône-Poulenc of France; ENI of Italy; Hoechst of West Germany; and Solvay of Belgium, though about 24 major EEC producers may become involved should an industry grouping emerge from the talks.

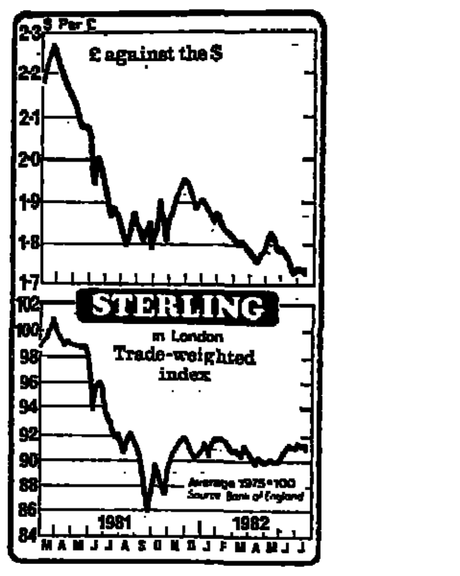
Commission officials stressed last night that the discussions would be only exploratory. Even so since the idea was apparently first mooted in France in January concrete proposals are expected to be put to the Commission team headed by Viscount Etienne Davignon, the Industry Commissioner.

EEC competition rules say that links between companies of the type now being suggested must be approved by the Commission before implementation.

The proposed cartel would establish a co-operative framework for the petrochemicals majors within which they could agree on production cuts in the five main plastics, high and low density polyethylenes, polystyrenes, PVCs, and polypropylenes, and at the same time plan complementary restructuring programmes for reducing their serious overcapcity.

Continued on Back Page





Banks reduce base rates to 12%

BY WILLIAM HALL AND MICHAEL CASSELL

BRITAIN'S BANKS cut the cost of overdraft borrowing yesterday by reducing their base rates by half a percentage point to 12 per cent. The move brought lending rates back to levels prevailing before the sharp rise in interest rates last September.

Base rates have fallen by a quarter from last October's 16 per cent and an eventual cut in mortgage rates now appears inevitable.

The reduction in base rates will help manufacturing and service industries which together owe close to £50bn to the banks. The half percentage point cut is expected to save them about £125m in a year.

Sir Terence Beckett, director general of the Confederation of British Industry, called the base rate cut a very timely move but sought a further reduction in interest rates because the "real rate of interest is more than twice the real rate of return" for businesses.

He told the Tory Backbench finance committee yesterday that the reduction in base rates was not enough. "We shall not get increased investment and more jobs until it is a lot cheaper for business to borrow," said Sir Terence.

The drop in base rates had been expected for several days since the Bank of England began reducing its minimum intervention rates in its daily money market dealings.

National Westminster Bank announced its decision to cut its base rate (effective today) at 8.30 am yesterday morning before many people had arrived at work. Within the next few hours all the other big banks followed. They also dropped

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Persuading the banks to cut base rates, Page 8
Interest rate cut boosts copper market, Page 21
Money Markets, Page 30
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Labour-TUC economic plan stresses union involvement

BY JOHN LLOYD, LABOUR EDITOR

THE TUC and the Labour Party yesterday announced a joint programme for "social and economic reconstruction," resting on the twin pillars of state intervention and union invelvement.

The plan, set out in a TUC-Labour Party Liaison Committee document, Economic Planning and Industrial Democracy, would greatly increase power and responsibilities of the unions.

It proposes co-determination of the economy between Government, unions, and, to a lesser extent, employers at national level, and co-determination of corporate policy by employers and unions at company level.

Mr Len Murray, general secretary of the TUC, underscored the need for union responsibility when he said that the Labour movement had learned from "failures" of the previous Labour Government, particularly the 1978179 "winter of discontent."

He said: "We need to pin on people and organisations the need to accept the responsibility that goes with industrial democracy and planning."

Mr Michael Foot, the Labour leader, agreed that the unions had committed themselves to a "whole series of responsibilities," including discussions—through a national economic assessment forum on incomes of all kinds.

The document is to go to Labour Party and TUC conferences in the autumn, where it would, Mr Foot predicted, be unanimously adopted.

A wholly new Government department, the Department of Economic and Industrial Planning, is envisaged in the document. This department would be charged with developing a medium-term economic plan.

Another huge piece of legislation, the Economic Planning and Industrial Democracy Act, is also foreseen. It would give statutory force to planning mechnisms and to the potentially rapid increase in workers' control over their companies.

National economic assessment would draw together the social partners in an annual debate on resources and their allocation. The debate would include—to the concern of union and party leftwingers—at least a nod in the direction of an incomes policy.

The proposed Planning Department would seek to conclude with companies agreed development plans covering investment, pricing, manpower and other policies. Agreement would be enforced by a range of sanctions including price, import and capital controls.

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Editorial Comment, Page 16

Mexico offers 18½% Eurobond interest

BY ALAN FRIEDMAN

MEXICO, hard pressed for cash, proposes to pay 18½ per cent on a new $100m (£58m) Eurodollar bond, the highest coupon interest rate in the 20-year history of the Eurobond market.

The Mexican Government bond, which will be formally priced on Thursday on its 18½ per cent indication, matures in 15-years and is managed by Merrill Lynch. Every three years, beginning in 1985, bondholders may redeem the paper at par. But Mexico does not have the option of calling the bonds back until 1988.

At Merrill Lynch in London, Mr Hansgeorg Hoffman, an executive director, yesterday expressed his confidence that Mexico's financial problems would eventually be sorted out. Mexico has borrowed heavily in recent years, under the administration of outgoing President Jose Lopez Portillo, to maintain its economic growth rate.

Mexico's total public and private sector debt is estimated at $75bn (£43.5bn) and its 1982 gross public sector borrowing requirements are officially projected at between $25bn and $28bn.

Mr Hoffman said yesterday: "I think it is on the cards that Mexico will go to the International Monetary Fund and that should certainly improve the current situation," which, he said, "is reflected in the conditions attached to the offer."

The last time a Mexican state entity borrowed in the Eurobond market was in May when Pemex, the state energy concern, issued $150m of 17¼ per cent bonds. A recent attempt to package a $2.5bn jumbo Eurocredit for Mexico attracted only $400m of bank buyers, the remainder was left in the hands of the loan managers.

The new $100m Mexican bond was last night yielding nearly 19 per cent at a pre-market trading price of 99. Merrill Lynch said it had sold $43m of its $50m portion. Sumitomo Finance and Arab Banking Corporation each took a $25m stake as managers.

IMF attacks imbalance in U.S. economic policy, Page 4
Bonds column, Page 22

Heron buys Howard Hughes land

BY ANDREW TAYLOR

ABOUT 12,500 acres of prime development land in Tucson, Arizona, formerly owned by Howard Hughes, one of the world's wealthiest and most eccentric businessmen, has been sold to Heron International—the holding company for the British-based Heron Corporation.

Mr Gerald Ronson, chairman and chief executive of Heron, the petrol retailing, housebuilding and property investment company, said last night that it had paid $75m (£43.5m) cash for 25 separate parcels of land in and around Tucson. Heron is one of Britain's largest private corporations.

The acquisition was made by Pima Service Corporation, part of the wholly-owned U.S. finance division of Heron International. The intention is to recoup the purchase price by selling part of the Arizona portfolio. Any remaining land would be developed by Heron, or sold for development.

Pima has already raised about $40m through the sale of 1,500 acres. The total portfolio has been professionally valued at $150m and Pima says it is confident the $75m purchase price will be recovered by the end of this year.

Part of the purchase price has been met by Mr Don Diamond and Mr Frank Aries, two Tucson-based developers, who will receive 25 per cent of profits from land sales and development.

Mr Ronson said the purchase was Heron's largest single U.S. real estate deal. The company already has a number of property development interests, mostly in Arizona but also through its partnership with Hall Property in California. Most of its U.S. development projects have been worth up to $10m.

Howard Hughes died at the age of 70 on April 5, 1976. The legal ramifications surrounding his estate—which has been valued at between $163m and $1.2bn—are likely to continue for years.

£ in New York

—	July 12	Previous
Spot	$1,7525-7535	$1,7280-7300
1 month	0.24-0.29 pm	0.30-0.35 pm
3 months	0.97-1.02 pm	1.20-1.25 pm
12 months	3.70-3.80 pm	4.80-4.90 pm

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French steel workers burn down company HQ in jobs protest

BY TERRY DODSWORTH IN PARIS

RAMPACING FRENCH steelworkers have burned down the stately home headquarters of the main special steel subsidiary of the nationalised Usinor group as tension mounts over planned rationalisation in the industry.

The destruction of the chateau, which housed the head office of Societe des Aciers Speciaux de la Chiers, is the latest incident in a series of vigorous and sometimes violent demonstrations against the reorganisation policy. In the course of these protests steelworkers, have staged spectacular publicity stunts, forcing the stoppage of a day's stage in the Tour de France cycle race, and holding the chairman of Sacilor, one of the two big nationalised groups, under house arrest for a day.

While sporadic disturbances have broken out throughout the big northern steelmaking areas, the main trouble spots lie in the east of France in the heavily industrialised belt running south from Longwy. Both Usinor and Sacilor, which together control the vast bulk of steelmaking capacity in France, have announced heavy redundancies in this region.

The plans outlined by the two companies are aimed at stepping up productivity while stabilising France's production at around the present level of 22m-24m tonnes a year. To achieve these aims, Usinor and Sacilor believe they need to axe around 6,000 to 7,000 jobs in total from the present industry labour force of 100,000.

These proposals, however, have met with a particularly bitter response, partly because they have been put up by nationalised companies under a Socialist administration. Having helped elect the Government by swinging left in the last elections, steelworkers were hoping for a reprieve following the heavy surgery of the last four years, when about 30,000 jobs were shed in the industry.

The region's disappointment in the Government was underlined in a reproachful letter to President Francois Mitterrand from M Jules Jean, the Communist mayor of Longwy. About 2,000 jobs are to be cut at Longwy out of the 4,000 redundancies announced by Usinor. "These plans are quite contrary to your thinking and your wishes," says M Jean.

At Pompey, the special steel subsidiary of Sacilor, based near Nancy, some 2,000 jobs are projected to go out of a total of 3,500. But, following pressure to save the company, further talks are to be held on the future of all the group's activities.

The Government is also making a special effort to defuse the explosive atmosphere by making more money available for reconstruction in the worst hit areas.

PR voting re-introduced for municipal elections

BY DAVID HOUSEGO IN PARIS

THE FRENCH Government yesterday decided to introduce a limited system of proportional representation into municipal elections. The change will take effect in time for what are expected to be hotly disputed municipal elections next March, which will determine who controls the main levers of local government.

The intention is to preserve the stability of majority rule in municipal councils while ensuring that parties which obtain a minority of votes none the less have some influence over municipal affairs.

In practice, the Socialists and Communists are hoping to gain a foothold in small towns and rural municipalities where the Right traditionally has been dominant.

The change has been attacked by the neo-Gaullist RPR party of M Jacques Chirac. General de Gaulle abolished proportional representation in France when he returned to power in 1958, saying it contributed to the instability of government.

Former President Valery Giscard d'Estaing had toyed with a return to it in towns with more than 30,000 inhabitants. But his UDF party yesterday called the new measure a "caricature of democracy."

The proposed change, however, has been a subject of bitter haggling between Socialists and Communists. The latter had wanted a pure system of proportional representation which would have allowed them to consolidate an electoral position independent of the Socialists.

The introduction of proportional representation is in line with a pre-election pledge of President Francois Mitterrand. But it is still unclear whether he will extend it to elections for the National Assembly in 1986.

The reform applies to municipalities with over 5,000 inhabitants. In the 1997 municipal elections the left gained important victories in medium and large cities. But in smaller municipalities of under 9,000 (accounting for 53 per cent of the electorate) it failed to have more of its candidates elected as councillors.

Vatican bank links with Ambrosiano to be examined

BY RUPERT CORNWELL IN ROME

THE VATICAN has appointed a team of three "wise men" to examine the tangled relations between Instituto per le Opere di Religione (IOR), the bank of the Holy See, and Banco Ambrosiano, whose chairman, Sig Roberto Calvi was found dead in London last month.

The announcement yesterday ends the Vatican's official silence since embarrassing details became known of its involvement with Ambrosiano, now in the hands of three Bank of Italy commissions.

It is also the first time that the Holy See has conceded publicly the need for an impartial, outside investigation of the IOR. The bank is headed by Archbishop Paul Marcinkus and was linked a decade ago in dealings with Sig Michele Sindona, the financier now in jail in the U.S.

The three men are Mr Joseph Brennan, former head of the Emigrant Savings Bank of New York, Sig Carlo Cerutti, a senior executive of STET, the Italian telecommunications group, and long and closely connected with the Vatican, and M Philippe de Wech, a former chairman of the Union Bank of Switzerland. Their task, in the words of the Vatican's laconic statement, will be to "examine the situation and suggest advice." Significantly, however, they will be reporting directly to Cardinal Agostino Casaroli, the Vatican's Secretary of State.

The move is being seen widely as the first step towards the possible removal of the controversial Chicago-born Archbishop Marcinkus from the stewardship of the IOR, a post he has held since 1971.

He resigned recently from the board of the Nassau-based Ambrosiano Overseas Limited, previously chaired by Sig Calvi himself. Since the Ambrosiano suggestions that he resign from the IOR, maintaining that he has never acted improperly.

The phrasing of yesterday's announcement suggests that the three nominess will have to decide primarily the exact extent of the IOR's responsibility for loans extended by various overseas offshoots of the Milan-based Ambosiano, including Banco Andino of Lima, Peru.

The Ambosiano crisis was precipitated in mid-June after the Bank of Italy had sent a letter to Sig Calvi demanding an explanation for the "extremely high" exposure of $1.4bn taken on by subsidiaries of the group.

The bulk of this sum was represented by loans advanced to companies based in Panama and elsewhere and associated with the Vatican.

These, in turn, were largely covered by "letters of patronage" issued by the IOR. It is alleged, however, that Sig Calvi simultaneously issued a separate letter absolving the Vatican bank from responsibility for the money. The Vatican has declared itself ready to accept responsibility for $250m, but some reports now suggest it is willing to increase that figure.

The three "wise men" will also be hoping to throw light on whether these front companies used the money they borrowed to buy shares in Ambrosiano, making the Vatican a much more important shareholder than suggested by its declared stake of 1.58 per cent.

They will also want to discover whether, as widely alleged, the IOR is an important minority shareholder in Ambrosiano's Luxembourg holding company, a pivot of the group's foreign operations, in which the Milan Ambrosiano had a controlling stake of 68 per cent.

Meanwhile, large banks represented in the Italian Banking Association (ABI) yesterday declared themselves ready to increase the banking system's support for Ambrosiano. This would extend the "safety net" which six banks agreed to make available last weekend after talks with Sig Carlo Ciampi, governor of the Bank of Italy.

AP-DJ adds from Luxembourg: The Luxembourg holding company Banco Ambrosiano Holding, a subsidiary of Banco Ambrosiano, has filed for relief from creditors in a move to avert bankruptcy, a spokesman for the Commercial Court said. If granted, the procedure would also provide for a panel of experts to take charge of the company.

Investigations by the British police suggest that Sig Roberto Calvi, late chairman of Banco Ambrosiano, hanged himself, writes Duncan Campbell-Smith from Milan. This runs contrary to widespread speculation that he was murdered. City of London detectives are understood to have passed on this finding and a full account of their probe to the Rome judiciary over the weekend. A full written report is due shortly.

Preparation of the report has relied heavily on medical evidence. Blood tests have revealed that Sig Calvi could not have been drugged before his death. An earlier autopsy by Professor Keith Simpson, found no sign of any physical struggle beyond a single rope mark on the neck, caused by hanging.

Few people in Italy, however, appear ready to let any written report—let alone a negative one pointing towards suicide—influence their views on the matter or their conviction that Sig Calvi was murdered. Speculation is still rife about the banker's last days and his links with the Vatican.

Party crisis deepens in Spain

By Robert Graham in Madrid

THE crisis in Spain's ruling Union De Centro Democratico (UCD) deepened yesterday when it failed to find a quick solution to its leadership problem following the resignation of Sr Leopoldo Calvo Sotelo, the Prime Minister, from the post last week.

A solution had been expected on Monday night, but a meeting of the 230-strong political committee of the UCD broke up inconclusively and met again yesterday—apparently making little progress.

There are signs that the new candidate for the leadership, Sr Landelino Lavila, Speaker of the House of Parliament, is having second thoughts.

Sr Lavila assumed the party leadership at the weekend, but insisted that it end its internal squabbles and that there should be a Cabinet reshuffle. He demanded that in return for accepting the leadership, UCD should give him wide-reaching powers to control party discipline and to bring in his own nominees to the party secretariat.

At the same time, supporters of Sr Adolfo Suarez, the former Prime Minister and party leader, are still fighting a rearguard action to retain influence.

Sr Suarez has refused to attend any of the meetings, and his supporters have been playing hard on the threat of his breaking away to form a new party.

This has caused considerable confusion.

Feasibility study of 'two-speed' Community

BY JOHN WYLES IN BRUSSELS

THE EUROPEAN COMMISSION is soon expected to begin studying the feasibility of developing a "two-speed" European Community in which member states would be allowed varying degrees of participation in common policies.

Many British anti-marketeers would prefer a looser arrangement for the UK and over the last three years some French Ministers have commended it as a way of dealing with the problems caused for the Community by British membership.

Now that France is raising public doubts about the wisdom of bringing Spain and Portugal into the EEC, the "two-speed" Europe idea is seen within the Commission as a possible means of embracing the two countries without compounding the Community's fierce political and financial problems.

The desirability of the study was discussed at a closed informal meeting of the Commission outside Brussels last weekend. As a result, President Gaston Thorn, who specialises in public lament on the current state of the Community, is expected to form an internal working party to examine the problems.

At the weekend meeting, Sig Antonio Giolitti, the Commissioner for regional policy, presented his "reflections" on the Community's difficulties and how they could worsen through enlargement.

Viscount Etienne Davignon, one of the Commission's most senior figures, is believed to have argued strongly for "differentiated policies," which do not embrace all member states.

Many other Commissioners remain sceptical, however, and Mr Christopher Tugendhat, the Budget Commissioner, is said to have emphasised the enormous practical difficulties involved in running the Community along these lines.

Supporters of the idea betray both a nostalgia for the simpler days when the EEC had only six members and a fear for the consequences of numbering 12, particularly when three of the new members, Spain, Portugal and Greece are so much less economically, industrially and socially developed than the rest.

But the "two-speed" idea is attractive for hard-headed financial reasons since a Community of 12 will require a much larger budget which will change some of the present advantages of membership for countries such as France, the Benelux and Denmark.

The Commissioners agreed at the weekend to aim to present some proposals on new financing for the EEC budget at around the turn of the year.

EEC inches towards consolidated group accounting

BY OUR BRUSSELS CORRESPONDENT

SIX YEARS, two months and eight days after it was first delivered to the Council of Ministers, the proposed seventh EEC directive on consolidated group accounts has at last received its first political scrutiny by ministers. They were unable to agree on anything and sent it back for further discussion by officials.

This is a relatively normal pace for complex harmonisation measures proposed by the European Commission. Despite this week's thoroughly inconclusive study by finance ministers, some officials think it may be adopted next year.

The aim is to set a standard requirement for consolidated accounts for groups of companies in the EEC, including those controlled from third countries. However, much compromise will be needed to seal up an agreement next year, not least because Luxembourg is fighting what it believes to be a threat to its status as an offshore financial centre.

Its Government has made it quite clear that financial holding companies of the type that proliferate there must be excluded from the scope of the directive. The Commission and all other delegations oppose such total exemption on the grounds that it would undermine the harmonisation effort severely.

The Italian delegation was heard to refer on Tuesday to the current troubles of the Banco Ambrosiano, whose holding company is based in Luxembourg, as underlining the need for greater transparency in the finance company sector.

Luxembourg is also alone in objection to the requirement for the compulsory consolidation of accounts where a company has legal power of control over another company, regardless of whether or not that control is effectively exercised. Most Governments agree that effective control is too vague a criterion.

Broader disagreements are manifest among member states on other aspects of the scope of the directive and could take months to settle. Eventually Ministers will have to grapple with the difficult issue of whether U.S. parent companies with subsidiaries in Europe should be required to produce special consolidated accounts for the EEC. This proposal is generating heated opposition from U.S. business.

Walter Ellis in Amsterdam reports on national anxiety about Cruise missiles

Dutch face autumn of nuclear discontent

LAST WEEK the City Council of The Hague, seat of government of the Netherlands, issued a solemn declaration ending seven months of often fretful debate on nuclear weapons. The Mayor and Aldermen announced that, following a vote, their city was now a nuclear-free zone in which no nuclear weapons could be deployed and through which none may be transported. The Dutch Government and Parliament had been informed of the decision.

Quite what notice the Government would take of such a ban in the event that it cut across its own policy on the subject is difficult to say. But, the Netherlands being the Netherlands, it is quite possible that the Prime Minister and his Cabinet colleagues would feel obliged to take it seriously. Certainly it is indicative of the mood of the Netherlands today, which is one of almost paranoid unease about the whole subject of nuclear weapons, coupled with a reluctant admission that Moscow is doing nothing to cut back on its own nuclear armoury.

The Dutch want there to be no nuclear weapons at all. Failing that, however, a majority seems to believe that they should be kept away from the Netherlands, so that their defence can be maintained at minimum risk to the population.

President Ronald Reagan's Administration refers to this disease as "Hollanditus," and Herr Helmut Schmidt, West Germany's Chancellor, last week travelled to The Hague with a message from Nato for Mr Dries van Agt, the Dutch Premier, calling on him to do something at once to remedy the situation.

Sitting in the heart of what was, by then, a nuclear-free zone, the two leaders agreed that a decision on the deployment of U.S. Cruise missiles in the Netherlands—as agreed within Nato in 1979—was by now a matter of urgency. Mr van Agt undertook to get things moving, but immediately restored his traditional ambivalence on the subject by stressing that what was required was "an accord on the exact moment for a decision and the criteria to be applied." The Hague's city fathers must have nodded their approval.

Mr van Agt, normally a resolute man, was left with little choice in the matter. Personally, he is known to feel that the Netherlands must accept its allocation of 48 Cruise missiles if it is to uphold its integrity within Nato and play its part in deterring Soviet aggression.

A strong Prime Minister, however, cannot create a majority in Parliament when many MPs of all parties are unswervingly opposed to nuclear weapons and practically everyone is unwilling to take a decision. He has got to stall. If he wins the general election on September 8 in tandem with his chosen partners, the right-wing Liberals, things could become easier.

Even then, though, the Labour party would vote against them and so would many members of his own Christian Democrat party and the smaller Democrats '66. A defeat in Parliament on such a vital issue would not bode well for the new administration.

Last year, after the previous general election, a rickety coalition was formed of Christian Democrats, Labour and Democrats '66. It was put together on the understanding that an agreement not to agree had been made on the issue of cruise missiles, but such an accord, while eminently satisfactory to the Dutch, cannot be repeated after September, when Washington as well as Bonn can be expected to press hard for a date for deployment. It may hurt, but realisation of this fact is dawning and there are gropings towards some sort of consensus.

What are the signs? Politically, the line-up is as follows: the Christian Democrats are mainly in favour of the missiles, but with some 30-40 per cent of their number against. Democrats '66 is opposed, but would probably reconsider if the current arms-reduction talks in Geneva fail. The Liberals are for, with only a handful of dissenters, and Labour says no missiles at any price.

Just as important, though, is the state of public opinion, which makes itself felt in the Netherlands both in the streets and by means of well-organised and influential groupings.

Anti-nuclear demonstrations, especially in Amsterdam, attract large numbers of people —an estimated 400,000 turned out for one last year—and there is always a serious risk of clashes with the police, which can be bloody. Governments cannot easily ignore this factor: 400,000 protesters do not constitute a democratic majority but their direct action is difficult to control and therefore persuasive.

Anti-nuclear demonstrations attract large numbers — here Dutch soldiers participated in a peace march by over 300,000 people in Amsterdam last November

Mr van Agt has to ask himself what might happen in the towns and cities of his essentially well-ordered nation if half a million or more determined demonstrators—most of them young and well-educated—declared themselves totally opposed to letting a cruise missile cross the frontiers of the Netherlands. He knows there would be trouble, and a battle over peace is something he is understandably anxious to avoid.

Away from the streets are the six major Dutch peace organisations: the Humanist Peace Council, the Inter-Church Peace Council, the Roman Catholic Pax Christi movement, the Stop the Neutron Bomb movement, Women for Peace and Women Against Nuclear Weapons.

Last month, this formidable array of pressure groups, including intellectuals, artists, scientists and students as well as religious leaders of all denominations, called jointly for an unequivocal Dutch rejection of Nato's plans for the Netherlands. Their statement was handed to Mr van Agt as he entered a meeting on East-West relations and can have done nothing to bolster his confidence for future meetings with Alliance leaders.

Desperately looking for room to manoeuvre, the Premier could only tell Parliament that his government stood by a previous undertaking that no active preparations would be made for the possible siting of cruise missiles without further political consultation—at least until the elections. This brought down the wrath of the Communist Party and the Radical Party, both of which regularly win a clutch of seats, and did little to appease the Labour Party either.

Come the autumn, the Netherlands' nuclear missile debate should be once more in full cry, with the Right struggling to make its voice heard against a background of protest from the Left and from moderate action groups who feel the country's survival is at risk. The City Council in The Hague may feel that it has ended one important argument; another, much more furious contest, is only now getting under way.

Unemployment total tops 500,000

THE NUMBER of people unemployed in the Netherlands has been confirmed at above 500,000 and is expected to go higher, writes Walter Ellis. Officially, the total is 377,000, but new means of assessment, due to take effect next January, reveal that at least 130,000 more are looking for work. This brings the real figure to 507,000, or more than 10 per cent of the labour force.

The figure has more than doubled since July 1980 and the strain on the Dutch social security system is growing daily. The point will be reached shortly when the Government will be unable to fund the unemployed at present rates except by extending its already large public borrowing.

A general election is due on September 8, and Mr Dries van Agt, the interim Prime Minister, who hopes to form a coalition with the Liberals (now in opposition), warned earlier this month that, with public sector borrowing standing at 9.75 per cent of national income, deep cuts were essential in social welfare benefits.

Half the unemployed are under the age of 25, and more than 20 per cent of Moluccans, Surinamers and other foreign workers are now living off state payments. Women are also disproportionately represented on the unemployed list.

The Central Planning Bureau, a leading government advisory body, calculates that the cost of providing unemployed benefit in the Netherlands has now reached an annual figure of Fl 15bn (£2.75bn).

In fact, because unemployment benefit is subject to income tax, the net cost to the state is somewhat less. Nevertheless, the amount is growing, and with public borrowing for the whole of 1982 already set to reach Fl 30bn, it is clear that the ratio of workers to unemployed is beginning to cause considerable anxiety.

FINANCIAL TIMES, published daily except Sundays and holidays. U.S. subscription rates $365.00 per annum. Second Class postage paid at New York, N.Y., and at additional mailing centres.

Green light for subway car contract in Canada

By David Lascelles in New York

MR DONALD REGAN, the U.S. Treasury Secretary, yesterday killed any hope that the U.S. Government would offer cheap finance to lure a lucrative New York subway car contract away from a Canadian supplier to a U.S. one.

He told a news conference in Washington that the Treasury had reviewed New York's highly controversial decision to award the $663m (£382) contract to Bombardier of Canada, and had decided that it was based on more than just the Canadian Government's offer of cheap finance. Given that, there was no point in the U.S. Government trying to match the cheap finance, he said.

His decision appears to close one of the most bitter disputes to have hit U.S.-Canadian trade relationships for some time. Bombardier said it was pleased by the news. But Budd Company of Michigan, the U.S. producer which competed for the contract, said it was "regrettable" and would have "damaging repercussions throughout U.S. industry."

Bombardier, based in Montreal, was able to offer New York a deal for the 825 subway cars backed by 9.7 per cent Canadian Government export financing for 85 per cent of the cost. Budd claimed this was unfair competition and took a number of steps to try and get the award reversed. It sought an injunction in the courts to stop the deal going through, and then asked Washington to approve Eximbank financing for its own tender.

It also alleged that the Canadian Government's financing violated Gatt agreements and constituted an unfair foreign trade subsidy.

But Mr Reagan said yesterday that he was satisfied that New York's decision had been based on many considerations beside cost, such as quality, delivery schedules, dependence on a narrow source of supply, and the amount of work that would be done in New York state.

On all these counts, Bombardier offered a better deal. The company offered to place a lot of the assembly work in New York.

Although Budd is owned by Thyssen of West Germany, it considers itself to be a U.S. company. It said yesterday: "today's decision by Treasury encourages foreign governments to engage in similar unfair trade practices when exporting to the U.S. without fear of repercussions. Budd, along with the vast majority of U.S. businesses, can compete effectively with foreign producers, but that competition must be fair and the U.S. Government has failed in its obligation to ensure this basic principle."

Budd said that it would shortly be forced to lay off workers at its rail facility in Philadelphia.

Shultz swings into line over foreign policy at hearings

BY REGINALD DALE, U.S. EDITOR IN WASHINGTON

"RONALD REAGAN is the boss"

With those words, Mr George Shultz yesterday signalled to Congress that he intends to be a good administration team player as U.S. State Secretary as a replacement for the ambitious and often Mr Alexander Haig.

Mr Shultz swung heavily behind existing administration foreign policies, on a host of issues ranging from Taiwan to strategic arms reduction negotiations with the Soviet Union.

Friction with the U.S.'s allies was inevitable, and would "not just disappear," Mr Shultz said. He expressed full support for Mr Reagan's decision to extend U.S. sanctions against the USSR and the controversial natural gas pipeline from Siberia to Western Europe. But he added that relations with allies should be approached with "tolerance and understanding."

Mr Shultz devoted high priority to the Middle East in his opening statement, largely, he said, because committee members had expressed interest in his position as the former President of the California-based Bechtel International Engineering and Construction Company, which has major trading links with Arab countries. He said he had severed all his links with the company and would sell all his "Bechtel-related investments."

Amid the dilemmas and contradictions of the Middle East, the U.S. had to maintain a special relationship with Israel but equally friendly relations with the Arabs, he said.

Without mentioning the Palestine Liberation Organisation, he said that representatives of the Palestinians had to participate in the Middle East peace negotiating process alongside other countries in the region. He confirmed for the first time that the Lebanese Government had officially invited the U.S. to send troops to West Beirut, to supervise a withdrawal of Palestinian forces.

He undertook to push ahead with the new round of Strategic Arms Reduction Talks (Start), and followed the Administration line by opposing a "freeze" on nuclear weapons at their present levels. The committee said it would try to complete the hearings by tonight.

Palestinian confidence grows, Page 4

Laker's old jets could fly Reagan

By Anatole Kaletsky

THE U.S. AIR FORCE is planning to replace the presidential aircraft, two ageing 707s, and the five DC-10s which the U.S. Export-Import Bank has acquired at a result of the bankruptcy of Laker Airways are among the aircraft being considered as successors to the present fleet of nine old 707s operating out of Andrews airforce base near Washington.

The two presidential jets are not only less comfortable than the new generation of wide-bodied airliners such as the DC-10 and the Boeing 747, they are also surprisingly old. Air Force One, as the main aircraft is known, has been in operation since August 1972. The back-up is 30 years old.

There is some speculation, however, that the Air Force may be reluctant to buy second-hand aircraft for the President. It is currently trying to fight off pressure from Congress to purchase $2bn (£1.15bn) worth of second-hand Boeing 747s instead of brand-new, specially designed C5 transport planes from Lockheed.

If second-hand aircraft bought cheap from a bankrupt airline are good enough for the President, it might be argued, then surely they would be good enough to ferry guns and tanks around.

Canute James on Havana's unexpected response to Haig's resignation

U.S. and Cuba back to square one

THE RECENT resignation of Mr Alexander Haig has caused some disappointment from an unexpected quarter. Some Cuban Government officials have credited Mr Haig with initiating the recent, though limited, efforts at detente between Washington and Havana, hoping for an end to two decades of mutual animosity.

It was Mr Haig who had sent Mr Vernon Walters, one of his special assistants, to Havana earlier this year, in what United States Administration officials said afterwards was an attempt ". . . to determine precisely what the Cubans wanted to talk about."

This was preceeded by an unofficial exchange of messages and signals between both governments, in which the Government of President Fidel Castro suggested it might be willing to reach an accommodation with the U.S. Government officials in Havana have been unwilling to elaborate on the type of "accommodation" they had been seeking. But while the basis for contact was being laid. Both governments continued a public policy of bombast and hostility.

When President Castro moved Cuba into the Soviet camp just after the 1959 revolution, the U.S. imposed an economic embargo in an attempt to strangle the island, thereby forcing it to return to the West. The embargo has been maintained, with varying degrees of flexibility, by successive U.S. governments. The Cubans have stuck to their guns, but have not hidden the fact that they have been severely hurt.

The increasingly parlous state of the island's economy is reported by diplomats in Havana to have spurred Havana to seek to talk with Washington. "There is no doubt the embargo is hurting us," said one government spokesman. "The United States is our most natural trading partner and the blockade is unreal and illogical."

It is around this major issue that the thin, pale threads of possible negotiations between the antagonistic nations were being drawn. In subsequent low-level exchanges, Havana indicated that it would like to discuss two other topics. It wants the U.S. immediately to vacate the Guantanamo Bay naval base on the island's south-east coast — an installation which Cuban maps and government officials alike describe as being "illegally occupied."

Havana has also indicated it is being made uncomfortable by what one official described as U.S. military "harassment and intimidation."

Not surprisingly, Washington's reply was in the form of some proposals for Cuba's response in the event their suggestions were to be considered.

The most significant concern of the Reagan Administration, as conveyed repeatedly to Havana, was for Cuba to end its support for leftist groups in Central American countries, such as El Salvador. Cuban officials continue to insist that although they have been giving and will continue to give moral and diplomatic support to these groups, it has been many years since they have given any material help.

The Cubans were also asked to withdraw the several thousand troops and tons of military equipment they have in Africa, mainly in Angola.

Further, Havana was asked to settle an old account: payment for U.S. property confiscated by the Cuban Government just after the revolution. One official's response was that Cuba was willing to repay but at 1959-1960 values, and minus taxes and other payments owed to the State when the properties are taken over. "It means that the U.S. will end up paying us something," he concluded.

Such was the state of play in this exchange of ideas, suggestions and demands, with the two parties heading uncertainly, and in some cases unwillingly, towards negotiations, when three fatcors intervened to put them back almost to square one.

The Falklands crisis diverted the attention of Mr Walters, who should have made another visit to Havana — a visit eagerly awaited by the Cubans.

Second, a move which baffled the Cubans, who apparently felt there would have been a softening of attitude in Washington, President Reagan suggested that Cuba cut its ties with the Soviet Union, and throw its lot in with the West. Mr Reagan also tightened the economic embargo in some areas which had been relaxed by President Jimmy Carter.

Mr Reagan's suggestion was flatly rejected by President Fidel Castro.

Diplomats in Havana say the Cuban Government took Mr Reagan's suggestion about switching to the West as another, and unacceptable, condition for normalising relations. Such a switch, they say, would cause a collapse of the Cuban economy and inevitably Mr Castro's downfall.

The third setback is reflected by a general feeling in Havana that Mr George Shultz, Mr Haig's successor in the State Department, will hardly make détente with Cuba one of his priorities—given Washington's pressing foreign policy concerns in other parts of the world.

Hope still flickers in Havana, however, fanned mainly by the increasing pressure on the island's economy. But as far as the Cubans are concerned, there is a bottom line.

Havana is willing to talk about many things, said one government spokesman, but how the Cuban Government ran its foreign and domestic politics was not for discussion.

UK to review Argentina sanctions policy

By Peter Montagnon,

BRITAIN is to keep the status of its financial sanctions against Argentina under review following its decision on Monday to release nearly 600 Argentine prisoners taken in the Falklands.

It is understood that an important factor in any decision to lift the freeze on Argentine assets in the UK will be the attitude taken by the Buenos Aires government on sanctious directed against Britain, which include non-payment of interest and principal on loans granted by British banks.

It is not a firm condition that the government of General Reynaldo Bignone should lift these sanctions before Britain ends the assets freeze, but the government would want to be reasonably sure that this would happen.

British banks argue that unless they are lifted, Argentina, which is now very short of cash, may spend the money it claims to have set aside to pay British banks once normal business relations are resumed.

Lifting the sanctions is also an essential pre-requisite to international discussions on restructuring Argentine's $36bn foreign debt which is part of the economic policy of the new Government in Buenos Aires.

Tension in Argentina mounts over inquiry

BY JIMMY BURNS IN BUENOS AIRES

ARGENTINA'S bitter postmortem on the Falklands conflict is expected to enter a decisive stage following Britain's release of some 593 prisoners of war.

The freed prisoners were expected today at Puerto Madryn in southern Argentina aboard the ritish ferry St Edmund.

Those released include General Mario Benjamin Menendez, the former commander of the Argentine garrison on the Falklands, who signed the surrender to British forces on June 14.

There are also a number of junior and high-ranking officers who will be called as key witnesses in an official investigation into the events leading up to the April 2 invasion and the subsequent war with Britain.

Under the terms of Argentina's military legal code, any surrender must be followed by a formal inquiry, and officers who have been active in the war are legally committed to testify.

The code was activated earlier this month by Gen. Cristino Nicolaides, the new Army chief, in an attempt to impose strict military discipline on the public debate that has been simmering over the war.

However, there is concern over the prospect that the formal testimony of Gen Menendez and other officers may spark a chain reaction of mutual accusations and threaten the stability of the armed forces.

The current military divisions are the single most important factor conditioning the survival of President Reynaldo Bignone, who has promised to institutionalise democracy in Argentina by 1984.

Since taking office on July 1, Gen Bignone's main efforts have concentrated on reconciling the three members of the junta, Air Force chief Brig. Gen Basilio Lami Dozo and Navy chief Admiral Jorge Anaya ended their active participation in the Government last month, in protest at the appointment of Gen Bignone by the Army.

It is believed that a compromise solution based on the creation of a civilian vice-president is again being seriously discussed.

● The EEC is to provide $300,000 to help rebuild the Falkland Islands' economy, Reuter reports from Brussels.

Demise of the Checker cab marks end of an era

BY DAVID LASCELLES IN NEW YORK

AN ERA in U.S. transportation ended this week with the demise of the checker cab, whose ungainly but spacious bulk has graced American streets virtually unchanged for 25 years.

The Checker Cab company, based in quaint-sounding Kalamazoo, Michigan, rolled the last cab off the assembly line on Tuesday night, then closed its doors, another victim of the devastating auto recession and its own failure to adapt.

In its heyday, the company was turning out cabs at the rate of over 5,000 a year and despatching them to cab companies all over America, where they became part of the typical street scene, chequered stripes and all.

But production fell to 3,000 last year, and the company reported a loss of $½m (£288,000). This figure disguised the true extent of the cab business's problems, though. Chequer makes auto components for other car manufacturers as well, and these offset part of the cab loss, which was put at $3m.

Chequer will continue to make components for other car companies, such as General Motors.

Military and diplomatic hopes boost PLO

BY JAMES BUCHAN IN BEIRUT

FOR the past two days, the Palestinians trapped in West Beirut have been increasingly cheerful company. This does not mean that the negotiations on their future are making any progress or that the Israelis might not enter the Western sector.

It is simply that the Palestinians feel their prospects are looking up both diplomatically and militarily, and they are reinterpreting their promises to Lebanese negotiators.

In the awesome battle on Sunday, which lasted from before dawn until 9 pm, the Palestinians killed three Israeli soldiers, injured 28 and scored a number of direct hits on material.

Earlier in the week, the Israelis announced that four Israeli soldiers had been killed in a direct hit on an armoured personnel carrier. The exact Palestinian military casualties are not known, nor whether the rockets streaming out of West Beirut were the last of unreplenishable stocks, but the Palestinian military presence has survived so far.

Why did the Israelis stop firing? Why did they not unleash the power of their air force? Can they go on sustaining casualties in an exchange of fire around a blockade that is not really biting? These are the questions Palestinian spokesmen pose.

Another reason for Palestinian confidence is Syria's announcement that it will not take the 6,000 or so Palestinian fighters, which not only brings Syria onto the diplomatic stage, but also reminds the world that the Palestinians have nowhere to go.

Some Palestinians also believe that France's promise to take part in an international force for disengagement now amounts to a form of guarantee for their safety.

The same Palestinian spokesmen who were saying a week ago, strictly off the record, that they wanted to leave are now saying, strictly off the record, that they are near agreement with the Lebanese Government on regularising their position in Lebanon.

To the single concessionary document delivered to the Lebanese on July 2, in which Mr Yasser Arafat, the chairman of the Palestine Liberation Organisation (PLO), put his name to a promise to leave, has been buried since Friday in a series of riders.

The riders concern matters like the ceasefire, disengagement, the tasks of a UN force to supervise it and so on. One of the riders given by a PLO official gives the flavour: "The Palestinian fighters, whose departure is agreed, will leave Beirut with all their weapons by land and under international guarantee." The second phrase suggests that some might stay behind.

The Palestinian insistence on detail has infuriated those West Beirut-based Lebanese politicians whose prime concern is the safety of the city. This group would probably include Mr Chafik Wazzan, the Lebanese Prime Minister.

Other politicians on the left are not displeased, because they fear the vengeance of the Christian militias of Mr Bashir Gemayel, if the strongest military force in West Beirut leaves. It may also explain the Israeli bombardment on Sunday.

The Palestinians know they are playing a dangerous game, but they are not dogmatic. Out of this chaos and killing, some think they might secure recognitions by the U.S. or the protection of France, or a new look at the Palestine question.

In darker moments some may think they will not even secure asylum in Syria or elsewhere. But what they have secured so far is time, and to the PLO that means honour and hope.

Israel is "disappointed" over lack of progress in the diplomatic negotiations aimed at arranging the withdrawal of the Palestine Liberation Organisation (PLO) forces from Beirut, writes David Lennon in Jerusalem.

It is now "concerned" that, after a month of talks, the issue is back to square one, with the question being whether the PLO is in fact willing to leave the Lebanese capital.

In the past few weeks, the negotiations have centred on arrangements for the evacuation of the guerrillas from the city, whether by land or by sea. But Israel believes that the PLO has no intention of leaving Beirut and that its leaders have simply played for time by haggling over the way the evacuation would be arranged.

This note of gloom follows a meeting in Beirut on Monday between Mr David Kimche, Director-General of the Foreign Ministry, and Mr Philip Habib, the special U.S. envoy. Israel has not set a deadline for the negotiations, but it is expressing increasing impatience over the stalemate in the discussions.

An official in Jerusalem said that, while Mr Habib was doing an "honest job" of trying to achieve a breakthrough, "we have less and less belief that the PLO intends to leave Beirut." The negotiations were "like a plane running down a runway but it never takes off," he said. "Maybe it's a circular runway," he added.

The PLO was trying to buy time in the belief that time was working in its favour. But while this may help its public image, it would not help the organisation to stay in Beirut, because "Israel wants them out," the official said forcefully. "They must go out by diplomatic or political means or we will have to look for other ways."

Somalia attacks threaten regime

By James Buxton in Rome

THE BATTERED regime of President Siad Barre of Somalia faces a serious threat with the claimed capture of two central towns by the Ethiopia-backed Somali Democratic Salvation Front (SDSF).

But it is far from clear whether this is a full-scale Ethiopian attack on the country, as the Somalia Government has alleged in a message to the chairman of the Organisation of African Unity (OAU).

The SDSF, which has its headquarters in Addis Ababa, says it has taken the two towns and military bases of Goldogob and Bale-Fintir about 150 miles north of the capital Mogadishu, where Somalia is at its narrowest between the Ethiopian border and the Indian Ocean.

The Somalia Government has also identified this as the region where fighting has been going on for the past few days.

Though the towns themselves are of little consequence in what is one of the poorest countries in the world, the attack by the SDSF could, if expanded, divide the north of the country from the south and the capital. This could be fatal to Siad Barre and cause serious embarrassment to the U.S., which in 1980 signed a military agreement with Somalia giving it access to ports and airfields.

Ever since Ethiopia defeated Somalia in 1978, after the unsuccessful Somalian invasion of the Somalia-populated Ogaden region of Ethiopia, Ethiopia has wanted the downfall of Siad Barre in the hope of ending once and for all the recurring threat to its territory.

Internal opposition to Siad Barre's regime has also been mounting. The President runs the country with the backing of the Darod tribe of the Somali people, which comes from the southern part of the country and from the Ogaden. The chief opposition groups are the Isaq, who live in north western Somalia, and the Majerteyn, who live in the beleaguered central belt.

The opposition tribes say they are denied power in Mogadishu and that the north, which was a separate British possession ruled from Hargeisa until merged with the former Italian Somalia in 1960, gets little money for development. They also claim that the continuing conflict with Ethiopia is ruining the country.

Ethiopia has exploited this opposition by helping the SDSF, which is drawn almost entirely from the Majerteyn, and more recently it has had contacts with the Somalia national movement (SNM), representing the Isaq.

In February there were riots and some reported army mutinies in northern Somalia. But the opposition still makes up a minority of the total population of about 3.5m.

Despite its antagonism for Siad Barre, Ethiopia has always ruled out outright invasion of Somalia, which would undermine the central pillar of its case against it, which is that border inherited on independence are sacrosanct.

...But this has not stopped it making air attacks on border towns in Somalia, or from encouraging the SDSF to make attacks across the border, and on selected targets inside the country. The SDSF insists that in the present conflict, in which it claims to have destroyed a Somali brigade, it is acting on its own.

It is probable that the latest attacks are a larger scale version of what has happened in the past, possibly with air support from Ethiopia.

The SDSF claim may earn Siad Barre sympathy both with the OAU, which is shortly to have its annual summit meeting at Tripoli in Libya, and with the U.S.

The OAU last year came down firmly against Somalia on the Ogaden question.

China intensifies attack on U.S. Taiwan policy

BY TONY WALKER IN PEKING

CHINA has renewed its strong criticism of the U.S. over its Taiwan policy in a signal that it is getting restless over apparent lack of progress in negotiations on the vexed issue of arms sales.

The two sides are attempting to reach agreement on a communique. Peking has urged Washington to phase out arms sales to Taiwan. Otherwise, it has warned, Sino-U.S. relations would deteriorate.

Several commentaries and a long scholarly article published this week indicate China's growing frustration at the apparent indecision in Washington over Taiwan.

It is now two months since Vice President George Bush returned to Washington from talks with Chinese leaders in Peking on the Taiwan question. Mr Bush took back with him to the U.S. proposals aimed at ending the dispute.

Chinese agitation over Taiwan coincides with reports from Washington that conservative Republicans are urging President Reagan not to agree to Peking's demands that the U.S. stop selling arms to Taiwan.

People's Daily, the Communist Party newspaper, in a tough editorial published on Monday, accused Republicans such as Senator Barry Goldwater of being intent on creating "two Chinas."

"It is easily seen that the long-term and fundamental goal of these conservative diehards is to create two Chinas and keep Taiwan under the control and aegis of the U.S. in a vain attempt to continue the division of China indefinitely," it said.

Another commentary, published by Xinhua, the New China News Agency, pursued a similar theme. It accused the conservative Republicans of exploiting the uncertainty caused by the resignation of Mr Haig, the former Secretary of State, in an effort to torpedo Sino-U.S. attempts to resolve differences over Taiwan.

"They openly asked the U.S. Government to adhere to the stance of two Chinas and feverishly incited the continued supply of weapons to Taiwan to oppose the sole legitimate Government of China," Xinhua charged.

Western diplomats here say that China is concerned that Mr Haig's resignation will set back what appeared to have been considerable progress towards a satisfactory resolution of differences over Taiwan.

According to reports from Washington, Mr Haig, just before his resignation, handed to Mr Reagan several options the U.S. may consider in its handling of the Taiwan issue. Among these was an agreement to phase out arms sales.

Mr Reagan was apparently not satisfied with the proposals and has sent them back for further study. According to Western diplomats, this may be regarded by the Chinese as an ominous development in view of Mr Haig's resignation.

People's Daily accused pro-Taiwan Republicans of attempting to destroy Sino-U.S. relations. "They have totally repudiated the China policy unanimously followed by four Administrations under the Republican and Democratic Parties since President Nixon took office," it said.

THE ISRAELI ECONOMY

Optimism as industrial production falls by only 5%

BY DAVID LENNON IN TEL AVIV

THE INVASION of Lebanon has caused relatively little disruption to the Israeli economy and industrial output was only down 5 per cent in June, Mr Gideon Patt, the Minister of Industry and Trade, said yesterday.

He claimed that productivity per worker had increased by more than 8 per cent and that this, coupled with the smooth functioning of domestic and overseas transportation services, had enabled Israel to maintain the tempo of its peacetime economy and to conduct international business as usual.

During the first two weeks of the war, many factories were deprived of up to two-thirds of their workers when they were called up for the army. But with key people quickly being released from duty, industrial production for the month had dipped only 5 per cent.

Mr Patt said this was the first time in Israel's 34-year history that armed conflict had barely inhibited local production and had not adversely affected overseas trade. "There was not a single case where export orders were not sent on time," he said.

In his estimate, the cost of the five-week-old war has been much lower than previously assumed, and the direct and indirect cost has not exceeded $1.6bn. Even this would require Israel to impose additional new taxes on its citizens, he said.

Mr Patt said Israel expected to raise some money by selling the huge stockpiles of weapons captured in the war. "Some countries have already made inquiries about purchasing some of the captured equipment," he said.

The minister also expressed the belief that following Israel's military successes in the war demand for Israeli military equipment would grow, and he said arms exports should rise above the $800m (£460m) earned in 1981.

Despite his generally optimistic report on the state of the economy, the minister did admit that the cost involved would mean that Israel would not be able to achieve its goal of reducing inflation from last year's level of 102 per cent down to the 90 per cent targeted for 1982.

Mr Patt said the war in Lebanon had not damaged Israel's commercial relations with the EEC, and he dismissed the Community's decision to delay negotiations on a $40m loan to Israel as insignificant. "It was supposed to be spread over five years. Losing $8m a year does not keep me awake at night," he said.

Since the invasion, Israel has tripled its exports to Lebanon, which totalled $12m last year. However, Israel is being careful not to disturb the balance of the economy in Lebanon and has not allowed Israeli businessmen into the country. Trade between the two countries is being conducted by Lebanese businessmen, he said.

Israel has also offered Lebanese importers the use of Haifa port to bring in goods in bonded containers, thus obviating the need to pay Israeli import duties.

India finds IMF terms satisfactory

By K. K. Sharma in New Delhi

THE International Monetary Fund has laid down what the Indian Government considers manageable performance criteria for the release of SDR 1.8bn (£1.16bn) as the second year's instalment of the three-year SDR 5bn loan approved for India from its extended financing facility.

India's Finance Minister, Mr Pranab Mukherjee, told Parliament yesterday that the IMF had imposed a limit of 18.9 per cent in the expansion of domestic credit and SDR 1.4bn for non-concessional long-term external loans.

These criteria are much the same as those stipulated for the first year of the loan, which the Government had no difficulty in meeting. The net credit to the Government, or what would be roughly the extent of deficit financing, has been fixed at Rs 55.5bn (£3.3bn) in 1982-83 against the actual deficit of Rs 51.67bn in 1981-82.

Mr Mukherjee said that the limits on external borrowing did not include loans for the new steel plant to be built in Orissa state (the contract for which Britain's Davy McKee has lost) and the Singrauli thermal plant (awarded to Britain's Northern Engineering Industries).

The second year's instalment of the IMF loan was approved by the executive board at the weekend, and is considered by the Indian Government to be an endorsement of its policies.

The tranche will help ease the heavy pressure on the foreign exchange reserves, which now stand at Rs 33bn, worth about three months of imports against the eight months considered as the safe level.

The pressure is mainly due to a large trade gap, which was Rs 57bn in 1981-82.

IMF attacks imbalance in U.S. economic policy

BY PETER MONTAGNON, EUROMARKET CORRESPONDENT

M JACQUES DE LAROSIERE, managing director of the International Monetary Fund, has added his voice to criticism of the way the uneven balance between U.S. monetary and fiscal policy is adding to strains on debt servicing among developing countries.

Most industrial countries have already shifted to a policy of monetary restraint, but too often their budget deficits remain excessive which drives up interest rates and crowds out productive investment, he said in a speech in Geneva.

"In this regard the present situation in the U.S. has particularly important external implications," M de Larosiere told the UN Economic and Social Council.

Last year the London Interbank Offered Rate for Eurodollars on which much international borrowing is based) averaged 16½ per cent—around 8 per cent in real terms and nearly eight points higher than its level in 1978.

Each percentage point rise in world interest rates adds some $2bn (£1.15bn) to the debt service costs of developing countries, he said. Getting rates down is not just a matter of monetary policy.

"Rather, if budget deficits are to be substantially reduced, the major industrial countries would be in a position to maintain their policies of monetary restraint, whilst allowing interest rates to decline to more reasonable levels."

Developing countries have made considerable efforts at adjusting their economies to the new regime of high oil prices and high interest rates, but their balance of payments deficits "are still much too high to be sustained in terms of their debt service capacity," he said.

"In 1982, half of the oil importing developing countries are expected to have a current account deficit in excess of 40 per cent of export earnings. If we look at low income countries in this group, we find that half of them will have a current account deficit of at least two thirds of export earnings."

The debt service ratio of all these countries together will be 22 per cent of their exports of goods and services, compared with only 17 per cent in 1978.

In these circumstances developing countries have no choice but to continue with strong adjustment policies. Non-oil developing countries have already managed to increase exports by 18 per cent in the three years 1979-1981, while their imports grew by only 11 per cent.

S. Africa car sales up

BY BERNARD SIMON IN JOHANNESBURG

PASSENGER CAR sales reached record levels in South Africa last month, boosted by large discounts from manufacturers eager to run down their inventories.

Sales rose to 28,507 vehicles in June, 11 per cent higher than in June 1981, according to the National Association of Automobile Manufacturers (NAAMSA). The total for the first half of 1982 was 149,700 units, compared to 146,000 in the same period last year.

Demand has appeared to be falling in line with the overall economy since the closing months of 1981. But sales have been revived by heavy promotional campaigns, including discounts on new cars, high trade-in prices for used vehicles and a flood of advertisements.

The most active discounter is Sigma Motor Corporation which assembles Mazda, Peugeot and Citroen vehicles. Sigma's shareholders are Anglo American Corporation and Chrysler.

Sigma's share of the car market rose from 16.1 per cent in May to over 19 per cent last month. Its Mazda 323 was the best-selling model in June, thanks to discounts of 10-15 per cent. Toyota's market share was 20.8 per cent.

Angola plans $1bn oil investment scheme

BY MICHAEL HOLMAN IN LUANDA

ANGOLA has begun preliminary negotiations to borrow $100m (£57.6m) from Western banks to finance a substantial deficit on its balance of payments, according to Sr Lopo do Nascimento, the Minister of Planning.

Further borrowing will also be required to finance the government's 51 per cent share of $1bn investment plans to double the country's oil production by 1985, he said in an interview with the Financial Times.

The need to approach the international capital markets for balance of payments finance has been precipitated by the falling prices for both oil and diamonds, Angola's two principal exports, at a time when fighting on the southern border against South Africa has caused a sharp increase in the country's defence spending.

Sr do Nascimento said Angola had been forced to cut back its imports to pre-1979 levels, to review the targets of its original 1981-85 development plan, and to introduce a short-term emergency programme, to cope with the crisis.

"We need to borrow to correct the problem of balance of payments. For the first time since independence we ended the year (1981) with a deficit. Secondly, we mun find money for investment in our oil industry," Sr do Nascimento said.

Angola plans to double oil production currently some 130,000-135,000 barrels a day, by 1985. "Our plan envisages investment of some $1bn, and the state-owned company, Sonangol, participates at 51 per cent of the value of the investment."

It was too early to give details of the negotiations, said the minister, but he anticipated borrowing of "something like" $100m to meet the 1981 balance of payments dificit.

Sr do Nascimento said that "in general terms, the emergency plan will be centred on an adjustment of our financial policy. We have decided to balance both our national budget and our foreign exchange budget. Thus in the first quarter of 1981 we had a foreign exchange deficit of US$314m, while in the same period this year we had equilibrium."

Angola's exports are oil (78 per cent of earnings in 1980), diamonds (13 per cent) and coffee (9 per cent). The country's main suppliers are Western Europe (52 per cent), the socialist bloc (17 per cent), North America (7 per cent) and South America (11 per cent).

The net effect of the fall in export prices and a drop in production last year was a shortfall of $350m in anticipated foreign exchange earnings.

The fall forced Angola to introduce ... last year and has resulted in delays of payments to suppliers of several months.

Sr do Nascimento said his government was looking for investment in other sectors than oil and diamonds, including fishing and the agro-industry.

Sr Nascimento was asked about the level of defence spending mainly incurred in response to South Africa military activity in Southern Angola, where the South West Africa Peoples Organisation (SWAPO) has some guerrilla bases.

Nearly 17 per cent of the 1981 budget was specifically allocated to defence, he said, but further spending took place within other budget sectors. Defence spending consumed "almost" half of foreign exchange earnings.

"I cannot say exactly how much, or the South Africans will hit us harder to get us to

Anthony Moreton, Textiles Correspondent, looks at state subsidies

Italian fibres under microscope

WHEN THE European Court ruled last week that the EEC Commission was within its rights to look at the way in which member Governments funded public bodies, it opened the way for an investigation into widespread complaints that the Italians have been stimulating capacity and output of synthetic fibres.

Faced with falling demand, over-capacity and depressed prices the EEC producers agreed five years ago to share the burden in cutting capacity.

The result is that by the end of this year plant capacity in the Benelux countries will be 54 per cent lower than in mid-1977; 41 per cent lower in the UK, 40 per cent down in France and 22 per cent in Germany.

But in Italy it has actually risen by 8 per cent over the five-year period.

The other Community Governments believe the Italian Government has been stimulating its industry with massive state assistance. This has taken many forms, such as inserting equity finance into companies by increasing their nominal capital, revaluing fixed assets to facilitate borrowing; making direct payments to offset losses and maintain cash flow, subsidising investment in fixed and working capital and guaranteeing credit at low rates of interest.

When these practices were brought to the attention of the European Commission in Brussels, it introduced a directive—number 723 of 1980—on the "transparency of financial relations between member states and public undertakings." This was intended to give it the power to look at the ways in which the state assisted public bodies.

Three countries, Italy—predictably—France and Britain fought the directive, claiming the Commission had over-stepped its powers and arguing that this was a matter for the Council of Ministers. In ruling for the Commission and against the member Governments the European Court has opened the way for the Commission to investigate these alleged practices as well as others that may be operated in different industries.

The Italian case is one of many causing concern as protectionism grows. Spain, it is alleged, has provided £840m towards restructuring its industry, 80 per cent of which will go towards new machinery. And, on a much smaller scale, the Dutch announced last year a £5.8m programme over two years providing grants for new equipment, assistance with overseas fairs and grants towards the employment of experts on export promotion.

The Italian Government's policy is important because it has resulted in price levels in the rest of the European market which have endangered the financial viability of the synthetic fibre industries and, in so doing, have endangered competition. Furthermore there is a fear that similar assistance is now being offered by the Italians to their cellulosic fibre industry whose capacity has fallen by less than half that of the rest of the EEC since 1977.

The Italian man-made fibre industry is dominated by Montefibre, Snia Fibre, ANIC and SIR. Between 1974 and 1980, it is claimed, these four accounted for over half the losses made by the whole of the European man-made fibre industry and that in 1980 alone they lost £175m.

At the state-owned ANIC, for instance, there was a loss of £36.5m in 1980 on a man-made fibres turnover of £150m, and yet the capital was increased by £70m. Between 1975 and 1979 it has been estimated that the group received £27m in subsidies to compensate for operating losses and almost as much in non-repayable state subsidies.

Similar assistance has been given to the other three concerns.

State assistance is not just confined to the advanced countries, either. Low-cost producers are also priming their own industries; in South Korea, where one person in every four in manufacturing industry is in textiles and clothing, Government help has been given towards setting up a design fashion information centre, and a textile development centre as well as with soft loans.

Small countries like New Zealand get in on the act by allowing companies to claim a deduction from assessable income for increased export sales, and help is given with overseas travel, salaries and wages spent by New Zealanders outside their countries and on payments to foreign agents.

Even the biggest is not immune. The U.S. has a system, known as DISC, by which exporters can defer part of their U.S. tax otherwise due on export income if they set up Domestic International Sales Corporations. Under U.S. law multinationals escape U.S. tax on overseas earnings of foreign subsidiaries until those earnings are remitted home.

Many of these and other devices are tacitly accepted because no country really has clean hands. The concern about the Italian case is that it is deliberately seeking to distort competition to the benefit of the local industry and at the expense of the other members of the EEC.

Industry, if not all the Governments, within the Community is delighted at the decision of the court in the case of directive 80/723 and sees it as a step towards greater stability.

SOME STATE AIDS

Canada:
£114m over five years for new employment in communities hit by industrial adjustment; to assist modernisation; help displaced workers take advantage of job opportunities:

Portugal:
Exemption from industrial taxation for up to nine years; doubled depreciation allowances on fixed assets for up to 12 years; subsidised interest rates.

Belgium:
£200m over five years to increase turnover of companies in textiles and clothing without increasing capacity; assistance takes the form of participating debentures.

Ireland:
Total relief until 1990 from taxation of profits on export sales; maximum rate of 10 per cent on profits on home sales; 100 per cent depreciation in first year; non-repayable cash grants of up to 60 per cent towards cost of fixed assets.

West Germany:
Support programmes for research, innovation and industrial development; assistance for energy conservation; special assistance for companies in Berlin.

UK:
Assistance to employees on short-time working; financial aid towards firms setting up in special parts of the country.

Source: CIRFS

More demand for MFA talks

BY GILES MERRITT IN BRUSSELS

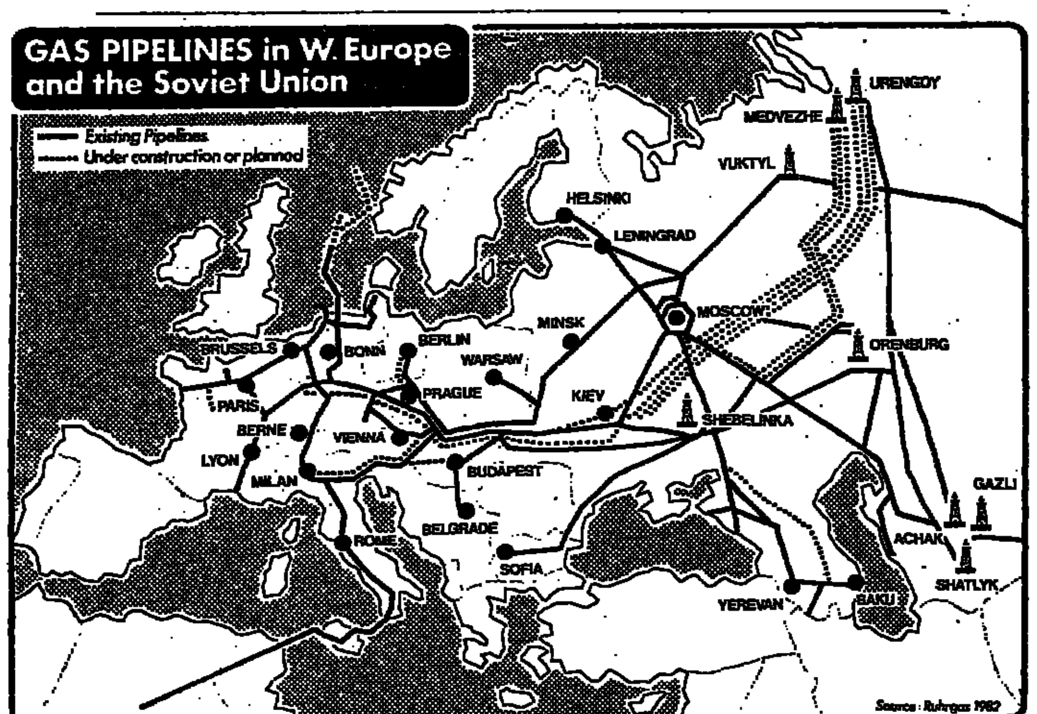
INDONESIA has joined the 10 textile exporting nations which have recently demanded "Second Round" negotiations with the European Commission over the shape of the renewed Multi-fibre Arrangement (MFA).

The decision of the Indonesian negotiating team to break off talks with the Brussels Commission shows a further strengthening of the solidarity that appears to exist among the militant MFA supplier nations which are sternly resisting a restrictive 1982-86 MFA III as proposed by the EEC.

Hong Kong, South Korea, India, Malaysia, the Philippines and Singapore have so far refused to accept the tough cuts and conditions being demanded by the EEC as a condition for ratifying the MFA III framework agreement that was signed in Geneva at the end of last year. In some cases, the Community's negotiators are pressing for cuts of up to 12 per cent and are demanding stern "surge" mechanisms to prevent the flooding of EEC markets.

In advance of the talks on bilateral MFA the "hardliners" amongst the MFA countries determined to reject a restrictive pact reaffirmed their solidarity and are this week reviewing progress in the talks at a meeting in Bangkok.

In addition to the LDC textile exporters that have given the Commission until September to improve the MFA terms on offer in "Second Round" talks, Hungary, Czechoslovakia and Romania have opted for further negotiations.



The Soviet Union's project to increase supplies of natural gas to Western Europe is well advanced with numerous lines in service and others under development. The 3,000-mile pipeline extending from the Urengoy gas fields of Western Siberia to Western Europe was given a boost yesterday with the signing in Leningrad of a framework DM 2.8bn (£666m) credit agreement between West German banking consortium and the Soviet Foreign Trade Bank.

Netherlands in line for Lisbon navy order

By Diana Smith in Lisbon

A $600m (£332m) order for three frigates for the Portuguese Navy, to be supplied and part-financed by the Nato allies, is expected to be signed soon.

West Germany, with its F-122, and the Netherlands, with the Kortenaer model, have been competing fiercely for the chance to build the vessels, which would be equipped by other Nato countries.

Finance for the programme has delayed decisions. The Portuguese, who must find half the cost, have been wanting new frigates since 1977, and the tardiness with which the Nato allies have responded has caused public complaints by Portuguese Cabinet Ministers.

The visit to Lisbon on July 12 of Mr Hans van Mierlo, the Dutch Defence Minister, appears to have swung the balance in the Netherlands favour. On his departure Mr van Mierlo said that considerable progress had been made.

Devaluation in Malta ruled out

By Godfrey Grima in Valetta

MR DOM MINTOFF, the Maltese Premier, has discounted a devaluation of the Maltese pound to help boost tourism and export income.

In a statement this week to Parliament, Mr Mintoff said that receipts from exports, and tourism were not falling because of the high rate of exchange of the Maltese pound. What counted with tourists and foreign buyers was the intrinsic value of the island's currency.

"A devaluation would lead to a surge in wages and the island's cost of living, and would neutralise any benefits tourists and foreign buyers stand to gain," he said.

He urged tourist-oriented businesses to reduce prices and help restore the island's competitiveness.

Brazilian deal

Spar Aerospace of Canada says it has signed a contract valued at more than $125m (£69.4m) to provide Embratel, the Brazilian Government's telecommunictions company, with two communications satellites and related ground-control equipment, AP-DJ reports from Toronto.

Samwhan wins Saudi contract

BY ANN CHARTERS IN SEOUL

THE SAMWHAN Corporation has signed a $225m (£125m) contract with the U.S. Corps of Engineers to build family and industrial facilities in King Khalid military city, Saudi Arabia.

The company will construct 804 apartments, a naval food centre, commissary and mosque as well as maintenance facilities, a chilled water plant and parking. Completion is scheduled for January 1986.

Another $126m contract recently signed with North Yemen's highway authority provides for the construction of 160 km of highway and four 1,300 days.

The two contracts are Samwhan's largest in the Middle East. Last year, the company won $667m contracts in North Yemen, Jordan and Saudi Arabia.

Ottawa and Jakarta sign nuclear agreement

OTTAWA — Canada and Indonesia have signed a nuclear co-operation agreement, clearing the way for future transfers of technology and sales of Canadian Candu reactors to Indonesia.

The agreement was signed during a brief ceremony by Mr Mark MacGuigan, Canada's External Affairs Minister, and Dr Subroto, Indonesia's Energy Minister.

Dr Subroto said Indonesia has made the decision to "go nuclear some time," but he said it would not happen until 1995 at the earliest.

Indonesia now has two small research reactors, one built with its own expertise and the other by the U.S. A West German company has been asked to build a third.

Mr MacGuigan said Indonesia has concluded an agreement with the International Atomic Energy Agency to bring all its nuclear activities under safeguards.—AP

Richard Cowper in Jakarta adds: The West German contract, awarded last August, was worth at least DM 137m (£32m) and caused a storm of protests in Jakarta when it was given to International Atomreaktorbau, a subsidiary of Siemens, on the advice of Mr B. J. Habibie, Indonesia's Minister for Technology, President Suharto chose Siemens despite recommendations by two Indonesian Government agencies that General Atomic of the U.S. be awarded the deal.

Indonesia's National Atomic Agency, Batan, received four proposals — from Siemens, General Atomic, Atomic Energy of Canada, and Technicatome of France. It judged that General Atomic's offer was superior in quality. It also cost about half the price of the West German facility.

The decision does not mean Indonesia has locked itself into West German nuclear technology. Canada, along with the U.S. and others, is still hoping to be able to sell nuclear plants and expertise when Indonesia's nuclear programe gets off the ground in the 1990s.

Bristol port losses grow but signs are hopeful

BY ANDREW FISHER, SHIPPING CORRESPONDENT

THE Port of Bristol suffered an increased loss of nearly £12m last year, but said there were signs that the drop in business was ending.

The worldwide recession continued to depress trade through the port, with tonnage handled—excluding containers—down by 202,000 tonnes to 3.27m tonnes. The number of containers handled was 3,000 down at 26,000, but this was more than twice the 1979 figure.

A continuing trend towards containerisation of cargoes previously carried in loose or break-built form has also affected business. Revenue from containers is much less than for the same amount of tonnage in break-bulk form.

The port's overall loss for the financial year to March 31 1982 rose from £10.8m to £11.7m. Most of this was covered by the City of Bristol, which contributed £10m from its general rate fund. Since April 1977 the city has provided nearly £25.7m to the port.

In spite of the integration of independent stevedoring activities in March last year and a rise in charges in September, operating revenues rose by only £1.5m to £22.5m. The actual operating deficit was £2.5m against £1.3m, before adding in some £2m of depreciation and £7m of interest charges.

In its annual report, the port said the drop of 202,000 tonnes in non-containerised cargo was much less than in the previous year. Of this decline, 135,000 tonnes represented imports of petroleum from other UK ports.

Many of Bristol's traditional trades showed comparatively small reductions. Some showed an increase, notably feedstuffs, for which Bristol is the main UK port. Exports also held up in tonnage terms.

The port lost one trade near the end of the financial year when Pacific Steam Navigation, part of Furness Withy, which is owned by the C. Y. Tung Group, of Hong Kong, decided to make Liverpool its first port of call for copper and some general cargo, although its ships will still call there with other cargoes.

But Geest Line transferred its Caribbean service to Bristol in November, restoring a traditional link between the port and the banana trade.

Licensing and shop hours 'hit tourists'

By Arthur Sandles

ENGLAND'S liquor licensing laws and shop trading regulations are under attack again. This time it is said that tourists are finding them increasingly irritating.

Mr Michael Montague, English Tourist Board chairman, yesterday welcomed a Government investigation into Britain's tourism performance. He suggested that one outcome might be a look at licences and trading in England—where the rules are less relaxed than in Scotland.

Mr Montague said in his annual report: "Who knows, like our friends in Scotland, we might all one day be judged to be sufficiently mature to have earned the right to decide when we want a drink, rather than licensing authorities who occasionally appear to relish the laws vested in them?"

He welcomed Baroness Trumpington's Bill to legalise Sunday shop opening—"there are tourists milling about Covent Garden on Sunday with money burning holes in their pockets"—but gave it little hope for progress through the Commons.

"There seems to be no earthly reason why holidaymakers should be allowed to play bingo only in the afternoon and evening—when you are on holiday on wet weather mornings, why should those who wish it not be allowed a little fun."

The English Tourist Board is launching its own tourism investigation. It will look at the pattern of school, industry and national holiday timing and examine whether present holiday periods are in the best interests of the tourist business.

ETB Annual Report. English Tourist Board, £5.

Fabric makers 'must heed fashions'

Anthony Moreton examines a report critical of manufacturers

BRITISH fabric manufacturers must adapt to new market conditions if they are to win bigger sales at home. It is also essential for them to develop closer relationships with both clothing manufacturers and retailers.

These are the main conclusions of a report on the British apparel fabric market published today by the National Economic Development Office.

The report arose out of concern felt by the four Little Neddies covering the clothing and textile industries over the decreasing share of the home market enjoyed by British manufacturers while import penetration increased.

"What is particularly worrying," according to Mr Alan Smith, chairman of the marketing group of the textile and clothing Economic Development Council, "is that these imports are coming not only from the cheaper, developing areas of the world but increasingly from high-cost, developed countries."

The report is based on an investigation into the fabric producers by David Rigby Associates, consultants specialising in the textile field.

Its main message is that fabric producers, who are at an early stage in the production chain, should consider at every stage the needs not only of their own customers but also of the ultimate customer, the buyer in the shop.

This must necessarily involve them in the fashion cycle. The buyer of shirts, suits, dresses and blouses is becoming increasingly fashion conscious, but this emphasis on fashion has not filtered back sufficiently to producers, while it is reflected in stores and boutiques.

"UK fabric manufacturers, particularly those in the weaving industries, have either not understood these changes well enough or have not adapted their own organisations and policies adequately, since there are large volumes of imports from developed countries in all fabric sectors," says the report.

It particularly criticises lack of innovation in fabric construction and surface effect, insufficient involvement with fashion trends, failure to design targeted ranges and ineffective presentation of ranges.

These criticisms are, in their turn, contested by both the British Textiles Employers' Association and the Confederation of British Wool Textiles in an endpiece to the report.

The two leading trade bodies claim that the report does not differentiate sufficiently between types of fabric and that much of the blame for the industry's problems must be laid at the door of Government economic policy.

The example of Marks and Spencer, a group involved at all levels of production with suppliers, permeates much of the main report.

Close working relationships between all the parties involved is essential to the adoption of new strategies, it urges. The real end product should be "a garment in a particular shop or a catalogue, at a particular price point, that will sell well."

It argues that the onus is on manufacturers to put more emphasis on developing fabrics, become more involved in fashion trends, produce in smaller volumes to shorter lead times, and present their ranges in the form most acceptable to buyers — that is, in made-up garments.

Changing needs and relationships in the UK apparel fabric market. Obtainable from the Textiles Section, NEDO. Full report £3, shortened report free. Both from Millbank Tower, Millbank, London, SW1.

Direct plea to ombudsmen urged

BY JAMES McDONALD

A STRONG APPEAL for direct complaints to be allowed to Local Ombudsmen about maladministration or abuse of power by local, police or water authorities, is made by Baroness Serota, chairman of the Commission for Local Administration in England, in the commission's annual report.

Lady Serota, who is also Local Ombudsman for Greater London and the South-East says that every year as many complaints are received by the Local Ombudsmen direct as come through members of local authorities as required by the 1974 Local Government Act.

"The direct complainant is likely to see as a piece of time-wasting bureaucracy the advice he then receives from the commission, that his complaint cannot be considered until he has put it in writing to a member, especially when, as in most cases, he had already made his complaint to the council locally and has not been satisfied with the answer."

People should be able to complain either directly or through a member of a local authority, says Lady Serota, who retires as chairman later this year.

New legislation is needed, she says, to rationalise the "perverse" complaints procedure, which leaves many fields outside the jurisdiction of the ombudsman.

The report shows that in the year to end-March 1982, the three English Local Ombudsmen received 2,706 complaints, 11 per cent more than in the previous year.

As usual most complaints were about housing (32 per cent) or planning (31 per cent). Of the 2,501 complaints considered and completed during the year, only 279 were the subject of full formal reports.

Maladministration was found in 173 of these reports, only 8 per cent of all complaints considered.

Examples of maladministration in the planning field included failure to consult about neighbouring development and failure by a member of an authority to declare an interest when dealing with a planning application.

Your Local Ombudsman, annual report for 1981-82, Commission for Local Administration in England, 21, Queen Anne's Gate, London SW1.

MoD may lease off part of Farnborough to business

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

THE Ministry of Defence is to keep control of the Royal Aircraft Establishment's airfield at Farnborough, Hampshire, although some part may be used by business aviation operators and light industry.

Farnborough will continue to be the main test airfield for the adjoining Royal Aircraft Establishment, Britain's premier aeronautical research and development organisation. It is also expected to remain the venue of the biennial flying displays and exhibitions organised by the Society of British Aerospace Companies.

The decision follows a government study into the use of the airfield.

The option of closing it down was quickly rejected in view of the long-term requirements of the RAE, one of the world's most advanced aeronautical research establishments, and because of its value to the aerospace industry.

After discussions with local authorities in the area, the Ministry of Defence decided to keep control of the airfield under the RAF. It is interested in leasing off about 40 acres as a centre for business aircraft, especially jets.

This will require further discussion with local authorities, who will be concerned about the noise from increased jet movements. Their fears, however, may be countered by the promise of increased employment and other benefits.

It is understood that about 20 commercial organisations have shown interest in leasing part of the Farnborough airfield, and will be contacted by the Ministry of Defence in the next few weeks.

The ministry was also interested in hearing from other organisations and companies which might wish to use the airfield, it said.

The business aircraft community in the UK has been seeking for some time an airfield not too far from London which could be used by business jets. Most suggested sites have been ruled out because of local objections to noise and additional development, expense, the distance from London or other communications problems.

Farnborough appears to be the best available site for the business aviation community. The site under consideration, near to that used by the SBAC for its air shows, is close to the M3 motorway linking Farnborough to London and other parts of the south of England.

The runway is one of the longest and best-equipped in the country, with up-to-date landing aids and an established air traffic control system. The local community is fairly used to aircraft activity at Farnborough (the airfield has been there since before the First World War), although some guarantees on noise control would probably be sought.

The chance of a site at Farnborough is likely to be the best the business aviation community can expect within reasonable distance of London, other than making greater use of existing airfields

British Steel shows its mettle in fight to match competitors

IAN RODGERS surveys a year of upheaval at BSC and reports that chairman Ian MacGregor is determined to keep up the pressure.

THE British Steel Corporation's 1981-82 annual report, published yesterday, charts a year of remarkable recovery in extremely difficult conditions.

Productivity improved dramatically, losses were halved and sales rose in spite of a declining market.

But the sobering message from this report is that BSC has a long way to go to secure its future.

For a third successive year, Coopers and Lybrand, the group's auditors, qualified the accounts for the most basic of reasons.

"There are continuing uncertainties in the steel market and there is a consequential uncertainty as to the level of future trading results. Accordingly, we have not been able to satisfy ourselves that the amount of £1,579m at which fixed assets are stated in the consolidated balance sheets will be recoverable out of future earnings."

BSC directors fully agree with that assessment, although £3bn in capital and £509m in government loans were written off last year, they anticipate further provisions this year.

The problems are well known: productivity standards set in Japan continue to rise while price competition from steel producers in newly-industrialised countries continues to intensify. On the other hand BSC, like all European Community companies, has agreed to wean itself of government subsidies by 1985.

Thus as Mr Ian MacGregor, the chairman, said in the report, the company "must continue its unremitting cost reduction efforts if it is to become and remain a fully competitive world producer, which is the only firm basis of job security for its employees."

Mr MacGregor said BSC's productivity is now about 60 per cent of Japanese levels and "a little closer" than that to German levels.

The extent of BSC's cost reductions to date is not immediately apparent in the annual report. Operating costs rose 7.5 per cent last year but turnover grew more than twice as fast—rising 16.5 per cent to £3.4bn.

In the second half, when the corporation had the benefit of EEC-wide price increases, the difference was more pronounced. Turnover was up 51 per cent to £1.9bn but operating costs grew only 28 per cent.

In March the company made a trading profit of £0.9m, its best result for five years.

A cost analyst in the report shows that 42 per cent of all spending is on materials and a further 12.3 per cent on fuels. Employment costs are 29 per cent of the total.

Fuel costs showed the largest increase, 18 per cent, in 1981-82 although the company managed to reduce energy consumption per tonne of liquid steel by 12 per cent. The proportion of steel cast continuously rose from 22 per cent to 28 per cent.

Employment costs fell 1.5 per cent to £1.09bn and the number employed dropped 14 per cent in the year to 103,700. Average earnings have increased 14 per cent mainly as a result of local bonus schemes in the past year.

BSC's attack on costs will continue to concentrate on employment—the corporation hopes to bring the total employed down to 92,000 this year—and on production improvements. The proportion of continuous casting is expected to rise to 50 per cent over the next two years.

Mr MacGregor said in his statement that the corporation envisages only "a marginal increase in outout" in the current year, with BSC maintaining the 50 per cent home market share achieved last year and continuing to seek more exports.

Last year's slightly more optimistic forecast did not prove accurate. Total deliveries were up 12 per cent to 10.7m tonnes but the 1980-81 comparative figure was depressed by the aftermath of the three-month strike early in 1980. Deliveries in 1978-79, the last full year of normal production, were 12.5m tonnes.

UK steel consumption fell 4 per cent last year and BSC failed in its drive to regain its pre-strike market share of 54 per cent. It estimates its market share at 50 per cent and blames an increase in imports from outside the EEC in the second half for the setback. The corporation's goal of increasing exports was fulfilled, as these rose from 2.3m to 2.7m tonnes.

BSC gives few details of the relative performance of its divisions but the report shows that the main iron and steel-making businesses reduced their trading loss last year from £437m to £170m. Meanwhile, the stockholding subsidiary, British Steel Service Centres, swung from a £5m trading loss to a £5m trading profit.

In the iron and steel businesses, turnover of general steels was unchanged at £1.4bn, while that of the strip products division jumped by 25 per cent to £1.02 bn.

Turnover in the tubes division was up 22 per cent to £525m and the division was in profit.

Mr MacGregor, now in the final year of his three-year term as chairman, painted a bleak picture for the current year. "The market uncertainties are today greater than ever," he wrote.

BRITISH STEEL CORPORATION AND SUBSIDIARIES

Key statistics 1972-73 to 1981-82

	1979-80 £m	1980-81 £m	1981-82 £m
TURNOVER:			
Home	2,321	2,159	2,402
Export and overseas subsidiaries	784	795	1,041
TOTAL	3,105	2,954	3,443
Trading profit/(loss) after depreciation	(361)	(489)	(242)
Profit/(loss) before extraordinary items	(545)	(668)	(358)
Liquid steel production (m tonnes)	14.1	11.9	14.0
No. of UK employees at year-end (000s)	166.4	120.9	103.7
External financing:			
—Limit (£m)	700	1,121	730
—Actual (£m)	579	1,119	694

EEC review promised on Berisford bid

BY A. H. HERMANN, LEGAL CORRESPONDENT

BRITISH SUGAR is not giving up hope of enlisting EEC support in its resistance to the takeover by Berisford. Mr John Beckett, British Sugar's chief executive, reported yesterday to have had a "satisfactory" meeting with Mr Frans Andriessen, EEC Commissioner for Competition.

Mr Beckett, who was supported by M. Rothschild, advisers to his company, and an array of lawyers including Prof Francis Jacobs, of King's College London, was told by Mr Andriessen that he appreciated the urgency of the situation, would review the file.

British Suger had asked the EEC Commission some time ago to stop the takeover because it would constitute an abuse of a dominant market position allegedly held by Berisford. It also asked the commission for a preliminary measure of protection—an order prohibiting Berisford from proceeding with the merger.

The commission originally took a stand favourable to Berisford indicating a preliminary view that there were no grounds for the Commission to take any action. More recently however, the Commission's Department of Competition began to swing the other way. Berisford was warned that the Commission was reconsidering its position and did not wish it to proceed with the takeover without obtaining its consent. This warning was disregarded.

It is understood that before yesterday's meeting with Mr Andriessen, there were intensive consultations between the Department of Competition and its legal service.

We couldn't get by without them.

2 million cigarettes.
15,000 bottles of scotch.

That's what we get through on a good day.

Because that, believe it or not, is how much we sell in our duty free shops.

It's hardly surprising.

Our tobacco and alcohol prices are up to 45% lower than those in your local high street.

Not the cheapest duty free goods in the world, perhaps, but certainly not the most expensive.

Far from it, in fact.

We sell many items more cheaply than our overseas counterparts. Some premium whiskies for example.

A litre bottle of Johnny Walker Black Label costs just £7.50 at Heathrow. It will set you back £8.13 at Copenhagen and a full £8.37 at Charles de Gaulle.

At British Airports Authority we aim to offer travellers substantial savings yet make a profit ourselves.

Why a profit?

Well, we might be publicly owned, but we have no intention of becoming a burden on the British taxpayer.

We have made money every year since our formation in 1966, and we're determined to continue doing so.

Not by following the example of some airports and charging passengers airport tax.

But by running our airports as successful businesses.

Kiosks, restaurants and shops pay to operate around our terminals. So do banks, car rental companies and car park operators.

Of course, we would like to provide more facilities and grant more concessions at Heathrow, but sadly space is at a premium.

There simply isn't the room to build a modern hotel complex like the Gatwick Hilton within the central area.

Still, we aren't doing badly.

We're one of the 100 largest retail operations in this nation of 234,785 shopkeepers.

We are also a major foreign currency earner.

£71 million in 1981.

Three-quarters of the goods we sell are British and the vast percentage of them go overseas.

Clearly, a hefty outlay on fags and booze do our finances no harm at all.

British Airports

The British Airports Authority, a profitable public enterprise, owns and manages Heathrow, Gatwick, Stansted, Glasgow, Edinburgh, Prestwick and Aberdeen airports.

Liquidators say end of 11-year Rolls-Royce bankruptcy saga is in sight

BY CHARLES BATCHELOR

THE LIQUIDATORS of the former Rolls-Royce aero engine group which failed in 1971 announced that the end of the 11-year bankruptcy saga is finally in sight.

The three liquidators required to handle the biggest UK business failure are to make a final payment of 9.5p per £1 stock unit taking the total distribution to 64.5p per unit.

The size of the pay-out, on shares which at one stage were changing hands at 1d (one old penny), has exceeded most expectations. This may persuade some of the investors who turned their stock certificates into lampshade covers to unpeel them again.

Rolls-Royce Limited collapsed in February 1971 when the development costs of its RB-211 engine, intended to power Lockheed Corporation's TriStar jet, outran the sums provided for in the fixed-price contracts which had been agreed.

After more than two years of negotiations the liquidators sold off the aero division to the Government which re-negotiated the RB-211 contracts with Lockheed.

In 1973 the liquidators brought Rolls-Royce Motors to the Stock Exchange, the first time a company rescued from collapse had been relaunched in this way. It immediately started to make profits and was subsequently taken over by the Vickers engineering group.

Mr Guy Parsons of accountants Peat Marwick Mitchell has spent more than a decade sorting out the affairs of Rolls-Royce. Together with Mr Ian Watt of Thomson McLintock and Mr Maurice Withall of Thornton Baker, he has devoted a great deal of his professional energies to what he calls a very unusual case.

In spite of the size of the pay-outs that have been made by the liquidators Mr Parsons is in no doubt there was no alternative to putting the company into liquidation, given its entanglement in the RB-211 contracts.

The proceeds from the sale of assets were £237.5m, comprising £87.5m from the sale of the aero engine division, £37.2m from the flotation of the motor division and £112.8m from the sale of other assets and the collection of debts.

Interest alone on the large sums administered by the liquidators amounted to £53.1m. Against this have been set administrative costs of £15.7m. "This is not a large figure compared with the sums we realised," said Mr Parsons.

Preferential creditors were paid £8.9m, debenture holders £57.2m and trade and other creditors £138.5m, leaving £42.3m over for the ordinary stockholders.

The joint liquidators originally hoped to make a final distribution in November 1979, but were prevented by a claim from the victims of an Indian Airline Caravelle airliner which crashed in Bombay airport in 1976.

"A claim came out of the blue from their lawyers in London," said Mr Parsons. "A board of inquiry gave the cause of the crash as pilot error so we did not consider we were responsible."

But this, and claims arising from two other crashes, prevented the payout. The claims were made against the "old" Rolls-Royce because the engines had been built and delivered before 1971.

The liquidators and their insurance brokers, Sedgwick Aviation, have agreed a deal which will allow a final meeting of the 80,000 stockholders to be called in October.

The liquidators have taken out a single premium policy with Lloyds for £50,000, covering them against any claims arising from the crashes. This policy, and agreement from Mr Parsons that he will stay on nominally as liquidator until any claims have been dealt with, assured a judge's approval for the final payout.

These claims have delayed payment but stockholders may take some consolation from the fact that high interest rates have boosted the final payment to 9.5p from the 8.41p proposed in 1979.

Mr Parsons may well be staying on as liquidator for another five years — even if the post is only nominal — and this could also give the Rolls-Royce affair another dubious distinction — that of being the longest running liquidation.

Fight to save Manx bank is 'no longer possible'

BY ANTHONY MORETON, REGIONAL AFFAIRS EDITOR

THE 18-DAY fight to save Savings and Investment Bank, of the Isle of Man, has failed.

Dr Edgar Mann, chairman of the island's Finance Board told the Tynwald, the Manx Parliament, yesterday that a rescue operation was not now possible.

The bank had its licence withdrawn on June 25, and the Manx Government immediately launched talks to rescue it. The small bank has branches in Douglas and Ramsey.

The Government was illing to participate in the operation provided some of the larges depositors agreed to defer calling for repayment of their loans, and an injection of funds arrived from other banks.

Dr Mann admitted yesterday that the largest depositor "decided to accept responsibility for a group of bad debts and a proportion of part-bad debts."

Despite this assurance, no progress could be made, and the conclusion must be that other banks fought shy of putting finance in, he said.

"We now have to accept reluctantly that the Savings and Investment Bank cannot be restored by Government action, short of total acceptance of the bank's liabilities by Government."

The decision to clos the bank followed a hectic week's investigations by the government auditors, Pannel Kerr Forster. The auditors went into the bank on July 6 and worked late at night and at the weekend to present a report to the Finance Board on Monday.

At the same time as those meetings, which included the bank's directors, were going on, Miss Roseanne Dunn, of Cambridge, was presenting a petition to the Manx High Court for winding-up of the bank. Miss Dunn is understood to be a small depositor with it.

Her petition, presented to the court on July 12, was listed for hearing on July 21. It was publicised in the Isle of Man Weekly Examiner yesterday.

Dr Mann told Tynwald that "there had been very large loans to a relatively small group of companies, and the loan policy of this bank had been beyond the banking guidelines agreed in December 1981 long before this date, and it had been impossible to bring this back into conformity within the period since then.

"On close examination, a lot of these large loans were probably irrecoverable, at best in part, and some in total.

"On these facts, the Finance Board and the auditors consider that a rescue operation was not possible."

The largest depositor is understood to have had £10m in the bank.

St Piran, a member of the Gasco Investments group, whose litigation with the bank over a £5.5m facility brought the matter into the open, at one time had £3m deposited in Douglas but withdrew this before the licence was revoked last month.

Waterways board starts drive for more freight

By Hazel Duffy, Transport Correspondent

THE British Waterways Board is setting out to attract more freight to the inland waterways with a national advertising campaign launched today.

The campaign by the State-owned board was planned well before the dispute which has halted most rail freight traffic, but this coincidental factor will give added force to its message.

Sir Frank Price, chairman, said yesterday that, although Britain cannot match the vast network of waterways in Europe, the board is "convinced that there is an inescapable logic about using the navigable rivers and waterways of Britain to greater advantage and benefit to industry and society generally."

He emphasised the environmental and energy-saving benefits of waterway transport and pointed to opportunities created by the growth of short sea routes to Europe.

The board is anxious to publicise facilities offered by the Thames and Humber on the East coast in providing all-water routes for cargoes into the heartland of Europe. It hopes to capture a larger share of freight traffic with the EEC.

More complain about gas bills

THE National Gas Consumers Council dealt with 5,000 complaints about gas bills in 1981-82, an increase of almost 25 per cent on the year before, the council's annual report shows.

Miss Sheila Black, its chairman, said the year was "dominated by concern about paying for fuel." Gas prices rose by more than 26 per cent in the year, in line with the Government's three-year programme. This was a much faster rate of increase than would have been required by the gas industry.

Extra grants for sandwich courses

IN SPITE of little firm evidence on the value of sandwich courses, which intersperse academic studies with periods in industry, the Government is to increase for 1982-83 the number of grants available to employers who provide the industrial training, writes Michael Dixon, Education Correspondent.

There will be an increase of 500 to 2,500 grants for engineering and technology students and a rise of 75 to 325 for those reading computer science.

Westland to shed 40 in works closure

WESTLAND Helicopters is to close its factory at Higham Ferrers, Northamptonshire, making up to 40 workers redundant.

Jobs and machine tools are to be transferred to another plant at Milton Keynes, Buckinghamshire, where investment of £1.5m in advanced machine tools is being undertaken to manufacture precision components.

Ashley Ashwood

The national management championship winning team from Rediffusion Radio Systems of London with Mr Kenneth Baker, Minister of State for Industry. Left to right: Mr Ray Pickering, Mr Baker, Mr Len Porter, Mr Ron Norwood, Mr Don Collishaw, Mrs Pauline Collishaw Mr David Bird

Rediffusion team wins management title

BY MICHAEL DIXON, EDUCATION CORRESPONDENT

THE 1982 national management championship was won in London yesterday by Rediffusion Radio Systems. The winning team was: Mr Ray Pickering, Mr Len Porter, Mr Ron Norwood, Mr Don Collishaw, Mrs Pauline Collishaw and Mr David Bird.

They took the first prize of £2,000 adn the Financial Times rosebowl after defeating three other teams from industry in the final of the computer-based contest, which began in January with 795 entries.

The championship has been organised annually since 1970 by the FT, ICL and the Institute of Chartered Accountants in England and Wales, in association with the CBI and the Institute of Directers.

The £1,000 second prize went to IMI, who have reached the final five times without winning. RHM Foods took third place and £750, and BOCM Silcock the £500 fourth prize.

The prizes were presented by Mr Kenneth Baker, Minister of State for Industry and Information Technology.

The winners "paper" consumer-durable company was led in the final by its deputy chairman, Mr Norwood. Mr Mike Harwood, who had led the team through the previous stages of the championship, was on holiday in Spain.

Persuasion from Old Lady moves the banks to cut base rates

IN THEORY, interest rates in the UK are set by supply and demand, but it has taken several days of increasingly heavy hints from the Bank of England in its own open market operation to persuade the banks to cut their base rate by half a point this week.

By bidding up the price of a steadily widening range of money market paper, the Old Lady has persuaded the banks that only a fool would fail to rush in where an angel is determindly treading.

It is unusual for the Bank to lead the market quite so firmly by the nose, but central banks have always been willing to act firmly when they thought it necessary to restore confidence.

The market has been in two minds because, although there is much in the domestic situation to justify lower rates—a flat economy, orderly money figures, and an easing in demand for bank loans—everyone is still jittery about Wall Street.

If U.S. interest rates should start to rise steeply again, as Dr Henry Kaufman, the Salomon Brothers economist and leading guru, predicted again on Monday, then there is little scope for easing anywhere else.

IF REAL interest rates remain at their historically high level, or rise, there is a risk that the number of debt defaulters could rise to a point that would erode the capital of U.S. banks, writes Anthony Harris.

Last week there was an unexpectedly sharp fall in the U.S. money supply, and for a couple of days Wall Street celebrated. But it did not last.

Wall Street, is reserving judgment until next week, when Mr Paul Volcker, the Fed's chairman, makes his quarterly appearance before Congress.

There are good reasons for a policy change. The U.S. economic recovery, forecast originally for the first half of this year, has been postponed sine die, with grim implications for the Republicans in the November mid-term elections. Inflation has fallen sharply, though recent figures cast some doubt on how reliable this fall is. The money supply is now on target, and the dollar is overvalued.

Above all, continued high interest rates are causing crippling problems for many of those who owe most to U.S. banks—the energy sector, where the Opec meeting has been further bad news, the farmers and farm equipment makers, and other weak industries.

If real interest rates remain at their present historically high level, or rise, there is a clear risk that the number of debt defaults could rise to a climax which would dangerously erode the capital of U.S. banks. The Fed needs lower rates to protect the banking system.

What remains to be seen is whether the market, which have been nervous about bank shares recently, is sufficiently concerned on this score to welcome some easing of policy, or whether any relaxation will simply lead to a new flare-up of fears about inflation, and so raise interest rates still higher.

The effective exchange rate, which takes account of other major trading partners, is firm, and that is what the market watches.

The Bank, of course, must keep one eye on the Fed before it can follow up its recent moves. But the Fed is also keeping an eye—rather an envious one—on the Bank of England.

If Wall Street could be persuaded, like the London market, to think about something other than the money supply, the Fed's life would become easier. It might even find, as the Bank does, that falling interest rates and a firm bond market make it easier, not harder, to fund government borrowing and produce satisfying money figures. That is the hope, but it is only a tentative one.

Oil and gas sectors lift output

BY ROBIN PAULEY

INDUSTRIAL output increased slightly in May although most of the improvement was in oil and gas output while oher industries remained fairly flat.

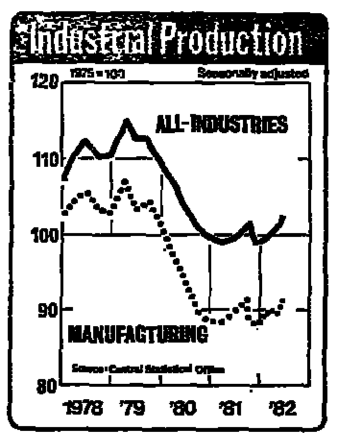
Figures published by the Central Statistical Office yesterday show that manufacturing production increased by 1.5 per cent in May, having fallen by 3 per cent in April.

Over the March to May period the rise was 1.5 per cent but the underlying trend indicates that manufacturing industries were more or less becalmed.

The previous three months' figures were depressed because of the severe weather. North Sea oil and gas output has accounted for most of the improvement since the December-February period.

The index of production of all non-oil industries was 91.7 in May (1975=100), an improvement of 1 per cent on April's figure and slightly above the average for 1981 but nearly 6 per cent below the 1980 average.

When oil figures are included, the picture shows a continued slow climb from the exceptionally low level reached in December and January. The total industrial index for May is 102.6 (1975=100), a 1 per cent improvement over April. The three months to May are 1.5 per cent higher than the previous three-month period. The index is only about 0.5 per cent higher than in autumn, 1981.



The underlying level of manufacturing output in the latest three months remains little changed, at about 2.5 per cent above its lowest point reached in spring, 1981. Total industrial output is still about 10 per cent below its highest levels of spring, 1979.

Although the lowest level of economic activity is thought to have been spring, 1981, there have been no indications of any sustained recovery and industrial output has been mainly stagnant.

Chemicals, coal and petroleum product industries have improved by 3.5 per cent between the last two three-month periods. But textiles, leather and clothing fell back by 0.5 per cent and metal manufacture suffered another 2 per cent drop.

Output of investment goods industries rose by 2.5 per cent between the two three-month periods, intermediate goods by 1.5 per cent and consumer goods by 1 per cent.

Nuclear barter deal unlikely to be renewed

By David Fishlock, Science Editor

BRITAIN'S long-standing barter agreement with the U.S., under which British weapons-grade plutonium was being exchanged for highly enriched uranium, is unlikely to be renewed.

The Navy, which no longer has a stockpile of plutonium, finds it cheaper to purchase uranium enrichment for cash than to make more plutonium in its reactors at Calder Hall and Chapelcross.

These reactors have been reoptimised to make electricity.

The Navy plans to pay cash to the U.S. Government in future to carry out the enrichment necessary to make fuel for its nuclear submarine fleet.

Britain's barter agreement, under which weapons-grade plutonium was swapped, pound-for-pound, for weapons-grade (highly enriched) uranium, needed mainly for submarine fuel, ran from 1959-1979.

Academics and industry urged to co-operate more

BY TIM DICKSON

CALLS for closer co-operation between academics and industry were made yesterday at the prize-giving ceremony of a new competition organised by the British Technology Group (BTG).

There was some disagreement, however, about the Government's role in encouraging this sort of contact.

Sir Alastair Pilkington, of Pilkington Brothers and chairman of the competition judges, said there should be more public sector support to encourage the commercialising of research results.

Conscious of his party's economic philosophy, however, Mr Patrick Jenkin, Secretary of State for Industry, who presented the prizes, argued that he did not think providing more government money was necessarily the best way.

"The role of the public sector should be to provide seed corn capital and be a cheer leader on the touchline. Governments themselves are rarely good at industrial innovation," he said.

Cash prizes totalling £230,000, including a £50,000 top award, were presented to winners of the BTG Academic Enterprise Competition. The 118 entries were based on academic research work, the aim of the competition being to encourage more researchers in Britain to build their ideas into marketable products. The entrant's business had to be new, which in this case meant either not yet begun or started after January 1, 1979.

The £50,000 national winners were Prof W. A. Gambling and Dr D. N. Payne of the University of Southampton, whose company York Technology produces instrumentation for optical fibre communications. There were seven runners-up—who collected £20,000 each—and four companies received cheques for £10,000.

BAe claims Falklands honours

BY LYNTON McLAIN

THE Falklands task force suffered a grave deficiency with the lack of airborne warning radar cover, but missiles used in the battle had been an "unqualified success," British Aerospace said in London yesterday at its first debriefing on the conflict.

British Aerospace supplied all of the shipborne and land-based missiles fired in the war. These shot down about 60 per cent of the 70 or so Argentine aircraft lost in the battle.

The Sea Harrier aircraft, also made by British Aerospace, also proved "outstanding," the company said. The aircraft was available for combat for 80 per cent of the time, a "far better performance than the aircraft achieved in peacetime."

The aircraft shot down 30 enemy aircraft. Most were attacked with the U.S. Sidewinder heat-seeking missile, but six were destroyed by cannon fire from the Sea Harriers' 30 mm guns. One blast "saved the wing off an Argentine Skyhawk," British Aerospace said.

The Seawolf, Sea Dart and Rapier anti-aircraft missiles made by the company provided an "envelope of capability around the task force which had affected the ability of the Argentine air force to respond."

At the height of the conflict, it was reported from the Falklands that the Sea Dart missile had suffered from a slow speed of response.

British Aerospace insisted yesterday however, that even when "silent" and not being fired, Sea Dart proved an effective deterrent to the Argentine forces, which also had the weapon and knew of its lethal capabilities. The 50 km radius of Sea Dart and its ability to attack at heights well above those of the enemy air force forced the Argentines to use tactics which brought attacking aircraft into the capability of the Sea Harriers and the short-range Seawolf missile.

This forced the Argentine air force to attack at extremely low level targets that were often not of their own choosing. One crucial effect was the profusion of bombs dropped by the Argentines which failed to explode because their fuses had insufficient height to come into action.

Dublin court jails Tuite for 10 years

BY BRENDAN KEENAN, DUBLIN CORRESPONDENT

GERARD TUITE, a 27-year-old Irishman, once described as the most wanted man in Britain, has been sentenced to 10 years jail after being convicted in Dublin of possessing explosives in a London flat.

The case made legal history because it was the first time a person has been tried in the Irish Republic, under the Criminal Law Jurisdiction Act, for an offence committed in Britain.

The case was before the Special Criminal Court, in which three judges hear terrorist-type cases without a jury. Mr Justice Hamilton, the presiding judge, said he was satisfied the court had jurisdiction to hear the case. Leave to appeal was refused.

The judge said he was satisfied Tuite had access to the flat in Trafalgar Road, Greenwich, in which explosives were found between 1978 and March 1979.

The court was also satisfied that traces of nitro-glycerine weer found on a briefcase belonging to Tuite and that his fingerprints were found on books which were hidden under the floorboards with the explosives.

He escaped from Brixton Prison in December 1980 where he was on remand on charges connected with the London bombings of 1978.

The verdict will undoubtedly ease the pressures on the Irish Government to get round its constitutional difficulties with extradition.

Disagreements sharpen over measures for insolvency

Ray Maughan reports two views on receivership

FINANCIAL TIMES

BUSINESS REORGANISATION

CONFERENCE

THE SECOND DAY of the Financial Times conference Busilness Reorganisation, a Balancing of Interests, brought into sharper focus the difference of opinion between the supporters of the existing receivership system to deal with insolvency and th eadvocates of change.

Mr Muir Hunter, QC, one of the architects of the recently published Cork Report and a member of the Insolvency Law Review Committee, made a strong plea for intervention of society as a whole into the field of reorganisation.

He spoke of the "dreadful jungle of preferential debts which we propose to cut down."

Opening the conference on the final day Mr Hunter stressed that a floating charge was invalid if done in circumstances unfair to unsecured creditors. There were "strong historical and judicial precedents for the intervention of society in this field."

The "classic example" of society's duty to intervene was Rolls-Royce, the gilt-edged, "triple A company" whose debts were thought to be as good as the Government's."

If the Government had not intervened, Mr Hunter said, "there would have been a major disaster."

He considered that "the relationship between the going-concern premium of a company and its break-up value has exposed receivers to much criticism, whether justified or not."

Construction of the new insolvency court, as recommended in the Cork Report, would establish "the judge as the natural adjudicator for society," he felt.

Three speakers made certain criticisms of the Cork recommendations, some harsh, some mild. One was Mr Bill Mackey and Ernst and Whinney, a leading exponent of receivership in the UK.

In some respects he echoed the remarks made by Lord Benson, who opened the conference on Monday. Mr Mackey was convinced that "receivership UK style is the quickest, most efficient and most comprehensive method of dealing with an insolvent company which has granted a floating charge."

He was glad that "the Cork report recognises the benefit of the floating charge as a means of obtaining financial credit and of receivership as a means of handling insolvent situations. It has not been exactly precipitate in arriving at the opinion, but it should at least shut up some of the critics who see an easy and painless answer."

"It has done exactly the opposite."

He saw considerable difficulties over the proposals for a creditors' committee "unless its role is much more clearly defined."

Receivers must not be so exposed that they refused to take risks that were in the interests of continuing employment.

"In other words a receiver would continue to be effective alongside a committee only so long as he does not feel that the committee is looking over his shoulder all the time."

He also felt that "it would be quite intolerable if a receiver was inhibited by unsecured creditors with a limited interest seeking to influence the course of events."

He noted that the report "recommends that 10 per cent of the assets should be available to unsecured creditors in every case where there is a floating charge, without any form of marginal relief."

It was not just that comparatively small sums would not justify the expense of its distribution, he felt, "but it should not be overlooked that it may induce banks to lend less money or to appoint a receiver more quickly.

"It may also be that the unsecured creditors will be distressed in cases where the banks decide to continue to lend money while the assets are reducing and the iniquitous preferential creditors are increasing.

"This is however a matter for bankers, unsecured creditors and Government. I believe that the proposal is absolutely barmy,

Mr Stan Carslake, an assistant general manager at Barclays with special responsibility for wht he described as the bank's "problem accounts," was interested by the concept of an administrator, as recommended in the Cork report, but felt that "it does seem beset by a number of imponderables and practical difficulties."

Banks "would be very concerned to see any demands placed upon receivers which would effectively put them in a legal or other type of straight-jacket."

He asked if "the unsecured creditors should benefit at the expense of the preferential creditors—you could argue all day.

"The creditors in the main have a profit motive, the preferentials have none. Maybe you would just be adding to the creditors' pressure."

Among the secured advances were "most of the marginal situations—these are the ones which exercise us most.

"Certainly if the bank's security positions are weakened, more company accounts would move, as far as we are concerned, into the category of being a marginal almost overnight."

The conference again heard much on the subject of Chapter II of the U.S. Federal Bankruptcy Code.

Two partners in the Boston, Mass., legal firm Hale and Dorr gave detailed papers on principles of reorganisation under Chapter II and the attendant tax and securities difficulties.

The conference heard a stout defence of Chapter II from Mr Thomas W. Lawless, Chief Bankruptcy Judge of the Bankruptcy Court, Boston.

He said that the total average cost of a liquidation in the U.S. absorbed about 22 per cent of the gross proceeds.

Some 50 per cent of the plans filed by debtors under Chapter II were successful from the court's point of view, though he acknowledged that there were no accurate records of how these cases fared in the short and medium term thereafter.

What you're looking at is no Sea of Tranquillity.

Neither is it a scene from the imagination of some science-fiction artist (although we commissioned one of Britain's finest sci-fi artists to paint it).

It is what you would actually see if the waters of the North Sea suddenly became invisible.

Silhouetted against a huge moon are the four giant production platforms that form the core of the Brent oilfield.

The Brent Field, operated by Shell, lies far out to sea, roughly halfway between Scotland and Norway, and about 100 miles northeast of Shetland.

The painting shows *(from left)* the production platforms Delta, Charlie, Bravo and Alpha, each towering well over 700 feet above the seabed in its steel, or concrete, socks.

They are built to withstand one-hundred foot waves and winds gusting up to 160 mph while continuing to collect oil and gas, 24 hours a day, from rock depths lying some two miles beneath the sea-floor.

Floating in the far distance *(bottom right)* is the drilling rig Stadrill, prospecting for oil in another part of the Brent Field.

And riding the invisible seas with contemptuous ease *(top right)* is the 23,000 ton semi-submersible, pipe-laying barge Semac I.

FLAGS: a major new gas-gathering scheme in the North Sea.

We used Semac I to lay one of the world's longest, largest, deepest undersea pipelines. (The painting shows the pipe being fed over the stern of the barge and trailing down to the seabed.)

The pipeline is the backbone of a major new North Sea gas-gathering scheme known to the oil industry as FLAGS: Far North Liquids & Associated Gas System.

It will enable us to bring ashore the substantial and hitherto untapped gas reserves of Brent and other oilfields in the northern North Sea.

The FLAGS pipeline, 36" across and made of steel coated with concrete, runs 280 miles along the seabed between the Brent Field and St. Fergus in Scotland.

Laying it was an astonishing feat.

The North Sea is no millpond. It is quite the most hostile stretch of water the oil and gas industry has ever tackled.

Much of the pipeline was laid in appalling weather: force 10 gales, thick fog rolling in the troughs between giant waves, zero visibility.

The FLAGS system will before long be supplying some 12% of Britain's gas needs. (The Brent Field already supplies about an eighth of Britain's oil.)

But neither statistics nor adjectives (nor the vastness of our operating costs) can ever give you a real sense of the scale and scope of our work in the North Sea.

The Brent Field: an offshore oiltown.

The Brent Field, for instance, does not simply consist of the four great platforms attended by a pipe-laying barge and a drilling rig or two.

Several other giant structures (like the floating oil-storage and-loading facility, Spar) are nearby. And platforms may be attended by 'flotels' (floating hotels) and semi-submersible diving barges.

Tugs, tankers and supply boats ply the surface, the latter bringing in everything from drill-pipe, cement for well-casing and drilling mud, to food and fuel.

Under the surface, mini-subs and diving-bells are at work. While in the skies, helicopters constantly come and go, bringing in vital tools and flying drilling crews and other technicians in and out.

Our platforms and rigs are crewed by over 3,000 men, who manage to tuck away well over 100 tons of food each week.

Power to keep the big platforms working is generated by turbines similar to those which fly large jet aircraft.

Computer banks continuously receive and process information about subsea oilwells and the many working functions of each platform, key data being relayed simultaneously to the platforms and Shell headquarters in Aberdeen.

The cost of these operations is so immense that it beggars description.

One way of putting it is that Shell's expenditure in the North Sea has amounted to more than half a million pounds per day, every day for the last eighteen years.

When we add up our chequebook stubs, our total investment to date works out at more than £4,000 million in 1981 money. Those figures double when you include the sums invested by us on behalf of our partners.

A conquest to rival the moon-landings.

Although there are projects which cost more, in terms of sheer technological innovation there is no other achievement on earth to match the conquest of the North Sea.

We have pushed back the limits of technology so far that the only feat which invites comparison is otherworldly: the placing of the first men on the moon by NASA's Apollo space programme.

As a matter of fact, the computer-room that monitors our operations has a great deal in common with that famous control-room in Houston.

And Shell is proud to be in the forefront of an endeavour which only twenty years ago, would have been dismissed as pure science-fiction.

You can be sure of Shell

TECHNOLOGY

EDITED BY ALAN CANE

ELAINE WILLIAMS looks at Plasma Technology and standards for satellite broadcasting

Backing for UK micro-electronics

THE BRITISH TECHNOLOGY GROUP is to back Plasma Technology, a small high technology company, to the tune of £60,000 to help it develop research machines for the electronics industry.

The company makes small gas plasma machines for research and development in industry and universities. It is one of the few British companies in this advanced but increasingly competitive field.

Gas plasma systems have a variety of applications but are important in the micro-electronics industry where they are used to produce large-scale integrated silicon chips.

Gas plasma is produced by electrical discharge in a low-pressure vacuum chamber. In this state certain substances become gaseous and chemically active and can be used, for example, for etching tiny circuit patterns on silicon chips.

This technique is gradually replacing circuit etching with conventional acids because it can produce finer lines — so more transistors can be packed into the same area. In addition gas plasma does not have the severe health and effluent disposal problems associated with acids. "Plasma uses small quantities of relatively harmless gases," Mr Carr said.

As well as etching, gas plasma can also be used to deposit thin layers of one material on top of another, another important part of the silicon-chip-making process.

Plasma Technology has decided to keep away from the large production systems because of the fierce competition from more than 30 companies worldwide.

Plasma Technology was set up last September by David Carr and John Ball with the help of a loan from their local bank. Both worked for the rival British company T. E. Group, which specialises in the larger systems.

The Bristol-based company will achieve a turnover of £250,000 in the first year of operation. Mr Carr says that turnover should double next year, so it has become an attractive investment for the British Technology Group.

At present, Plasma Technology has limited itself to selling chips in the UK but next year it hopes that overseas orders will account for at least 50 per cent of the business.

Certainly, the finance from the British Technology Group will help it develop the products it needs to keep up with the technology, and the Department of Industry has also agreed to provide 25 per cent of development costs under one of its schemes.

Mr Carr said: "The first four to five months we were living from hand to mouth. Things are certainly looking up now."

Instead Mr Carr believes that there is a gap in the market for more modest machines costing between £20,000 and £30,000 as research and development tools (big machine costs can cost millions).

Already big organisations such as British Petroleum, ITT and Siemens have ordered the company's systems.

There is a range of development work being carried out in industry which lies outside the microelectronics field. For example, BP is using gas plasma to deposit thin films of amorphous silicon to form the active layers on large size solar cells.

Gas plasma machines have an important role in modern integrated circuit manufacture. They etch circuit patterns on the silicon wafers and also deposit thin layers to build up the electronic circuit

Whitelaw to set up advisory council

MR WILLIAM WHITELAW, the Home Secretary, is to set up an advisory council to decide the future standards for direct satellite broadcasting.

A commitment to one standard is needed by November if the necessary receiving equipment is to be ready in time for the start of direct television broadcasts by the BBC in 1986.

Mr Whitelaw said: "Before reaching final decisions, which will be of great importance to our manufacturing industry and to the viewing public generally, I wish to have the benefit of independent expert advice."

Powerful

The advisory council will be headed by Sir Antony Part, chairman of the Orion Insurance Company and a former permanent secretary at the Department of Trade and Industry. Other members will be Professor Roger Griffiths, Professor of Electronics at Loughborough University, and Professor Alan Day, Pro-Director and Professor of Economics at the London School of Economics.

As its name implies direct broadcasting involves the use of a space satellite powerful enough to broadcast television programmes directly to viewers at home having suitable dish aerials to pick up the signals. It will also be possible for cable companies to pick up and distribute the signals.

The problem for the Government is whether or not to adopt the existing national television broadcast standards—based on the West German PAL system—or to opt for a completely new one.

So far, no European standard for direct broadcasting has emerged. Also Britain will be beaten in the direct broadcast stakes by France and West Germany which begin services in 1985. France uses a different technical standard but the German system is compatable with Britain.

The Government gave the BBC authority to go ahead with direct broadcasting in March. It will run services on two channels.

The BBC believes that Britain should adopt standards which will be compatible with the present national standards but can also provide improved sound and pictures when suitable receiving equipment becomes available.

Wasteful

It wants the Government to approve its proposals which could give viewers stereo sound and an improved picture quality with suitable new receivers. The proposed system would not affect reception on today's television sets.

Satellite signals are capable of transmitting much more information than ground-based transmitters and the BBC believes it would be wasteful to adopt a standard which could not take full advantage of the medium.

Data collection

Trans-Action from Star

STAR COMPUTER of Santa Clara, California, has a new data collection device with highly flexible input and output arrangements.

Known as Trans-Action 6100, the unit will deal with badge readers, card readers, magnetic stripe or swipe readers, bar code or OCR wand scanners, keyboards or down-loaded data from a computer.

Each unit is based on a Z-80 and can be individually programmed to capture the data at the point of origin, store and validate inputs and on demand transmit it all to a host computer.

Four separate user defined programs can be executed with a single 6100 at the same time. While input is coming in from readers and keyboard, the output can be fed to printers, VDUs, discs, tapes and so on while processed data can at the same time be transmitted to a host machine.

Star Computer is at 3080 Olcott St., Santa Clara, California 95051, U.S.A. (408) 496 6100.

Broadband local area networks

U.S. major research to define future of LANs

THE U.S.-based market research organisation Strategic Incorporated has started a major new multi-client study intended to "define the future of broadband local area networks (LANs).

It follows hard on the heels of the minor rumpus created by the last report from this group followed by a visit to the UK of Michael Killen, its president, in which he further propounded the view that base-band systems like Ethernet had a limited future.

The new study is to be based upon 50 U.S. user sites which have installed broadband LANs. It will investigate the reasons for the choice, the applications for which the LAN is used, planned applications, equipment connected, use of gateways into other networks, extent of the use of data, voice and/or video and an examination of the procedure used to select the LAN.

Although broadband LANs are at an early stage of development. Strategic claims that they are "the one possible approach towards combining voice, video and data on a single system." The data channel, just one segment of the broadband employed, might be Ethernet or some other transport level protocol. More from Mr D. Sik in London on 01-221 0998.

Machine tools

Research seminar

A SEMINAR dealing with the various forms of financial and marketing assistance for the machine tool industry is to be organised by the Machine Tool Industry Research Association (MTIRA).

The event is suggested as of likely benefit to the smaller machine tool company where the organisation of product development is not a full time activity. The seminar is planned for September 9. Mrs Brenda Bosman at MTIRA (0625 25421) has the details.

Robots

Extension arm

PUT ON the market by Fawcett Engineering of Merseyside is the Hyd-ro-wrist module, a versatile actuator assembly designed as the final extension of a robot arm. It can give powered angular movement in three axes, providing a convincing simulation of the action of the human wrist.

Three hydraulic vane actuators are used, two controlling hinge joints to give up to 180 deg of yaw and pitch while the third gives rotary movement.

The assembly is complete with integral porting for each actuator, so that only two hydraulic connections are needed, with two sets of hoses. Facilities are provided to allow each actuator to be controlled individually or simultaneously in any combination. More on 051-645 2050.

Weighing

Axle platform

AN AXLE weigher available at about a third of the cost of a conventional weighbridge has been designed by Nova Weigh, a Kings Norton, Birmingham company.

Capacity is 15,000 kg with a weighing resolution to 10 kg. The scale uses waterproof load cells beneath a platform 0.7m long, 3m wide and with a depth of 100 mm.

If required, small ramps can be fitted so that the weigher may be used in a freestanding position. A digital readout will display and print-out individual axle weights.

More from the company at 290, Birmingham Factory Centre, Kings Norton, Birmingham (021-459 6600).

Publication

WORSLEY-BREHMER of Charnock Road, Liverpool (051-525 7468) has produced a leaflet as an aid to people who want to order for wire stitching operations, packagers, printers and print finishers, for example. Mr P. Beamish is the man to organise your copy.

Health staff say more disruption inevitable

By Our Labour Correspondent

MR NORMAN FOWLER, the Social Services Secretary, yesterday refused to allow the health services dispute to return to the forum of the Advisory, Conciliation and Arbitration Service.

The TUC health services committee, after meeting Mr Pat Lowry, the Acas chairman, said that the unions now "had no option but to pursue with the utmost vigour the campaign of industrial action, including the three-day national strike" (from next Monday).

At a separate meeting of the nurses and midwives Whitley Council, both TUC-affiliated health unions and the professional unions—including the largest nurses union, the Royal College of Nursing—refused to discuss the 7.5 per cent pay offer to nurses.

The RCN's industrial relations committee meets today to decide what line to take on the 7.5 per cent offer, up from 6 per cent since a ballot vote of their membership showed a decisive rejection of it.

It is unlikely that the committee will recommend acceptance—though opinions are divided on whether or not to ballot the membership once again, or to go for outright rejection.

A major consideration for the RCN will be the cost of the ballot, which last time cost about £50,000.

In his staement rejecting a renewed intervention by Acas, Mr Fowler repeated his claim that the offer—7.5 per cent for nurses and 6 per cent for other health staff—was final.

"There is no scope for further discussions of the kind requested by the unions. The next step is for the individual Whitley Councils to negotiate agreements within the global sum.

"There is now over £480m on the table as a result of the substantially improved offers which the Government made on July 23. This represents an average increase of 6.5 per cent backdated to April 1 this year—more than the average increase for the armed forces, teachers and civil servants."

Mr Fowler said he would wish to hold direct, immediate talks with the unions on new arrangements for determining pay in the future.

Barclays union plans action ballot

BY BRIAN GROOM, LABOUR STAFF

BARCLAYS BANK biggest union last night decided to ballot its 35,000 members on industrial action unless the bank concedes time off during the week for staff who volunteer to work on Saturday mornings.

Yesterday's decision by the Barclays Group Staff Union could prove to be a landmark in the history of the English clearing banks. The three former staff associations which now form the Clearing Bank Union, of which BGSU is a unit, have never taken industrial action.

The union's campaign will begin on the weekend of August 13 to August 16 if the bank does not agree to negotiate with a prior commitment to grant time off.

That is the weekend when the bank plans to open 33 branches on Saturday morning, August 14, as the first stage of a plan to reintroduce Saturday opening in more than 400 branches.

Adoption by BGSU members of their general committee's recommendation for industrial action would mean they would stop work across the Barclays network at 4 pm on the Friday, instead of 5 pm or later, and on the Monday would start work at 10 am instead of 9 am or earlier.

This means that branches would open at least half an hour late. The actions would be regarded by the bank as in breach of contract.

If Barclays still refused to grant time off in lieu, staff would then be asked by the union to stop working all voluntary unpaid overtime. This might then be followed by another ballot on stronger action.

Barclays will be pressed at a meeting with the union this afternoon to make the concession on time off.

At the same time the second union, the Banking, Insurance and Finance Union, is making a similar decision on a ballot on industrial action at a two-day executive meeting ending today.

Yesterday's BGSU decision was taken by the union's 70-member general committee. A total of 186 votes were cast for the move and 10 against.

The bank may take some comfort from a questionnaire of BGSU members carried out by the union, which showed that only 50 per cent were in favour of industrial action. However, many more said they would take part in such action if a majority voted for it.

Mr Eddie Gale, BGSU general secretary, said the union had no objection in principle to an extension of bank hours, but it deplored the lack of consultation.

Barclays had appealed over the heads of the unions for volunteers to staff branches on Saturdays, and is believed to be well on the way to achieving its target. It has so far had 10,183 volunteers, enough to open 330 branches.

Tebbit pours derision on union leadership

The Employment Secretary plans fresh legislation, writes John Lloyd

THE SPEECH made yesterday by Mr Norman Tebbit, the Employment Secretary, to the American Chamber of Commerce, was remarkable both for its relaxed jocularity and for the outspokenness of its assault on trade union leadership.

Its immediate importance lies in the clear signal it gave that Mr Tebbit, from a position of initial scepticism, is now prepared to bring in a third Employment Bill in this Parliament, building on Mr James Prior's 1980 Act and his own Bill, which is still completing its final stages in the Lords.

Mr Tebbit's confidence is no doubt part of the general Cabinet air of political well-being. But it also owes much to what he sees as events moving in his way in the industrial relations field. Most particularly, he sees the rail crisis as being rich in lessons for the Government and for the public at large.

Indeed, he used the strike by the train drivers' union Aslef, and the bitterness which exists between it and the main rail union—the National Union of Railwaymen—to underpin his case for a change in the law which would favour mandatory election of union executives, and possibly other constitutional reforms of union rules.

He took the description given by Mr Sid Weighell, general secretary of the NUR, of the majority of his executive as being a "squawking left-wing rabble"—and said he could not argue with it. The NUR, he said, had "voted with their feet to work, and not to strike."

Trade union leaders, he said, had a selective approach to democracy. "They certainly don't include under this heading such things as listening to their members, consulting their members, taking the interests and wishes of their members into account.

"For a movement which claims so loudly to be democratic, some trades union leaders have done everything they can to avoid the consequences of democracy within their own organisation.

"This has not gone unnoticed, either by the public or by the Government. When trades union leaders consistently refuse to acknowledge the need for reform in their own institutions and when the overwhelming majority of the public and even of trades union members consistently demand such reform, then even doveish Ministers such as myself must pay heed."

He added: "The demands for trades union reform are strong and they are growing. This is perhaps the only positive result so far of the rail strike. No government can afford to ignore such insistent demands."

Mr Tebbit got a big laugh from his audience of US and British businessmen when he told the story of the recent court judgment in favour of Mr Derek Fullick, the president of Aslef.

Mr Fullick had won a court settlement against the Sun newspaper for reporting that he had threatened to throw Mr Len Murray, the TUC general secretary, down a lift shaft, when in fact the comment was aimed at Mr Weighell.

He hammered home his serious point beneath the laughter—that union members could only watch "while their jobs are at stake and their future is at stake, while their leaders squabble in that manner."

Mr Tebbit, in keeping with his radical reputation, threw over the tradition that Government Ministers paint a rosy picture to foreign executives. Instead, he lashed into the unions, inviting his hosts to join him in his mockery of them and his estimation of their low standing in his country.

"The trade unions today are the most significant, unreformed institutions in our system. They are probably also the most unsuccessful. In Britain we have one of the most highly unionised workforces in Europe.

"They back their great size by having unrivalled power to achieve their ends. They enjoy legal immunities which are not enjoyed even by the Crown in this country."

He went on: "They benefit from the widespread practice of the closed shop which gives them authority over a vast number of conscripts who are press-ganged into the union army. And they enjoy the freehold ownership of what was once one of the great political parties of our country. No other union movement in Europe can match their strength. And no other union movement in Europe can match the depths of their failure."

Mr Tebbit's case, then, is that an unrepresentative union leadership has led to its members down a blind alley of whipped-up militancy to the poorest pay in Europe. He can see widespread rebellion in the ranks. And his aim seems clearly enough to introduce legislation which will give shop-floor and office-floor opinion a direct say in the election of its leaders.

He left his audience with a further anecdote, fitting from an ex-airline pilot, and fitting for an American audience. "During the war, U.S. bombers passed over various islands in the Pacific dropping supplies.

And ever since, instead of working to support themselves, the half-starved natives have been praying for the return of the great winged gods who brought them food and supplies. That is precisely the economic philosophy of some union leaders. And that is precisely why the average British working man is so much less well off than his European counterpart."

Mr Tebbitt left his audience with a nod of approbation for a "good" union leader, singling out Mr Joe Wade, general secretary of the print craft union the National Graphical Association, for his speech earlier this month to his biennial conference. In it, Mr Wade recommended more flexible working practices. Mr Wade, who is unused to such praise from Tory ministers or employers, will no doubt be embarrassed by it.

David Goodhart talks to Aslef members

Doubts grow as striking train men think of sacking threat

THE "we can win" bravado of the train drivers' union Aslef executive is not shared by many of the members in Peterborough or Leicester.

There are few strike breakers in either branch, five out of 160 in Peterborough, and about 15 out of 140 in Leicester, but there is deep pessimism about the union's chances.

Indeed, Mr Don Bates, Aslef branch secretary in Peterborough, is already talking about how to minimise the impact of defeat. "We must go back together and not drift back one by one," he said.

He admits that up to a third of the branch could be classified as waverers with even more if the sacking threat goes ahead. Mouthpiece of the doubters has been Mr Charles Swift, Labour leader of Peterborough City Council, who has stated publicly that it is the wrong time and the wrong issue for a strike.

Mr Swift, like most of the other doubters, has so far remained on strike but Mr Bates accepts there is the possibility of a collapse. His colleague, Mr Peter Harradine, said: "We are in a much weaker position than in 1955. This time they really could close down most of the network and they would never have dreamt of sacking us all 20 years ago."

Those fears are echoed elsewhere in Peterborough by Mr Keith Luckey, the 600-strong NUR branch secretary, who said: "We are scared of a long dispute. We don't think Aslef can win and they are now risking our jobs, too. If they were a good set of troops they would fall back and regroup."

The six NUR drivers in Peterborough are all working, and the branch has sent a message to Mr Sid Weighell asking him to urge Mr Len Murray to intervene.

The Aslef branch in Peterborough is also one of the many to send resolutions to the executive in London urging a recall of conference to "seek a further mandate on flexible rostering."

Mr Bates emphasised that the resolution was not a direct demand to call off the strike. He said: "What we are trying to do is give the executive a bit of flexibility over the new rostering. But we must have some flexibility from BR, too."

In Leicester there was bitterness with the pessimism. "It makes me sick to think that we've had 15 of our men working today," said Mr Harry Watson, the acting branch secretary.

He took over the branch last week after Mr John Shelley, the previous branch secretary, resigned over the strike call. After going in to work for one day Mr Shelley joined the strike but he was still not willing to talk about his resignation yesterday. The strike breakers in Leicester were also keen to avoid newsmen when I found some of them in the depot canteen.

Their motives for working seem to be mixed. For some it is just an extension of the doubts felt by many strikers about the future of the network, but for most others it is more mundane financial pressures.

The strikers in Swindon, Peterborough and Leicester, all said that the strike breakers tended to be the younger men with less loyalty to the union.

In Swindon, like most other parts of the Western Region, they were digging in for a long strike. Some men had been trying to get bank loans with mixed results. But in Peterborough and Leicester despite the deep grievances on pay, rostering and BR's new aggressive management style, few men could contemplate a long strike.

Mersey docks strikers meeting today

THE 250 dockers employed by the Mersey Docks and Harbour Company who have been on unofficial strike at Birkenhead, for 10 days are to hold a quayside meeting today to consider their isolated position.

Shop stewards will again recommend an immediate return to work to enable negotiations to continue on their claim for substantial compensation for reorganisation and a £900-a-year travel to work allowance. This follows their transfer to the Liverpool Docks after the company closed its cargo handling operation at Birkenhead as an economy measure.

Meanwhile, the rest of the Port of Liverpool worked normally yesterday although the company dockers have warned they will black any ship on which the Birkenhead men should be working.

Tory 'wets' in revolt over 5% dole cut

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

THE GOVERNMENT was facing a major rebellion in the Commons last night from Conservative backbenchers who were protesting at the failure to restore the 5 per cent cut in unemployment benefit.

The cut—or abatement as the Government terms it—was made in 1980 in anticipation of the taxation of benefits. The assumption of Conservative back benchers was that the abatement would be restored once taxation of benefits came into effect.

But the tax on unemployment relief was introduced this month as planned and there has still been no sign of the Government making good the 5 per cent. According to the Tory rebels this is in breach of promises made or implied by Government Ministers.

So far about a large group of MPs on the left of the party—the so-called "wets"—put down an amendment to the Finance Bill aimed at restoring the 5 per cent.

This posed a direct threat to the Government as Liberals and Social Democrats also put their names to the amendment and the Labour Party intended to vote for it.

The Treasury maintains that the cost of restoring the benefit would be £20m this year and £60m in a full year.

A succession of Conservative MPs were bitterly critical of the Government's policy. Leading the attack Mr Jim Lester (Con. Beeston), former Under Secretary for Employment, complained: "If we leave things as they are we will effectively be double taxing a very vulnerable group in society."

James Lester: "double tax for vulnerable group"

In his opinion the Government's refusal to restore the 5 per cent was "beyond belief."

He argued that the Government must be scrupulously fair towards the unemployed who were the "walking wounded" of the economic battle. At a time of 3m unemployed it was difficult to argue that their situation was their own fault.

Emphasising the determination of the Tory rebels, he said he felt so strongly on the issue because of his experience watching "good and decent people in the dole queues" when he was a Minister.

He denied that he and his colleagues were being disloyal by pressing their amendment to a vote.

"Our loyalty is unquestionable," he said. "But you cannot have loyalty on demand. One has to judge it on the wider loyalty to constituents. Can we really tell our constituents that the Government will restore it at the right time and expect them to believe it?"

He received strong support from Mr Richard Needham (Chippenham) who suggested that the real reason the Government was keeping the 5 per cent abatement was because it believed that wage levels in Britain had to fall if unemployment was not to rise. In accordance with this, the Government also seemed to believe that benefits must fall in line with wages.

Mr Needham told the House: "The welfare of the unemployed and their families is not something that I or many other Conservatives are prepared to see go away."

There were cheers from the Labour benches when he added: "If the Government is not prepared to give in today on this issue we will return to it again and again. It is the basis of Tory philosophy that we help those who cannot help themselves."

One Tory back bencher who supported the Government was Mr Bob Dunn (Dartford) who, in an unusually brief speech, said that if the 5 per cent was restored it would not help to correct the "why-work syndrome."

"Is that all?" shouted indignant Labour MPs as he suddenly sat down.

"There are of course promises and promises," he added caustically. "Nobody knows that more than MPs."

Mr Lewis demanded a categorical assurance that the abatement would be restored by early next year at the latest. "I don't want any pussyfooting," he said.

He said it would never have been accepted by Conservative back benchers in the first place if they had thought it was to be permanent. This remark brought sympathetic shouts of: "We were conned" from the Conservative benches.

For the Liberals, Mr Clement Freud (Isle of Ely) said it was proper to support the amendment. The Government was wrong and should listen to what the majority of MPs were saying.

He pointed out that the Liberals and Social Democrats supported a tax credit scheme so that they were not against bringing benefits into taxation. "But we do object to a midnight raid on a poorly stocked benefits larder," he added.

Union curbs tightened

CONTRACTS forcing employers to recognise union labour are to be outlawed under the Employment Bill, the Government announced last night.

Unions taking action to force recognition into contracts would be stripped of their legal immunity and become liable to be sued, the Lord Advocate, Lord Mackay, told peers during the Bill's Committee Stage in the Lords.

The move — attacked by Labour as "objectionable, immoral and unjustified" — extends the Bill's ban on "union labour only" contracts and the threat of civil action for damages against trade union funds.

The change in the Bill, through a new Government clause, strengthens and reinforces already stringent curbs on union recognition.

AFTER THE LEADERSHIP BATTLE

Social Democrats face difficulties on the way ahead

BY PETER RIDDELL, POLITICAL EDITOR

THE SOCIAL Democratic Party's leadership election obscured some difficult decisions, which the party now has to take, about its relationship with its Liberal partners in the Alliance, about its finances and about its preparations for the next election. All these issues are due to be reviewed at a meeting of the party's national steering committee this morning.

The election of Mr Roy Jenkins as SDP leader may, in part, have simplified relations with the Liberals since he is a firm believer in cementing the Alliance but this has not removed all problems:

1—Allocation of parliamentary seats. The vast majority of constituencies have been allocated between the two parties, with more or less grace, but there remain 20 to 25 where one or the other side is intransigent, notably in the Gloucestershire, Wiltshire and Avon area and in the Herefordshire, Worcestershire and Shropshire areas.

A complicated arbitration machinery is being brought into operation but senior members of both parties recognise that it may be very difficult to prevent some candidates of each party from standing against the other. In a decentralised party like the Liberals there is a limited amount the national leadership can do.

2—A joint election campaign: There will probably be a joint campaign committee with linked national advertising. In view of policy differences between the parties on issues like nuclear defence and the closed shop, there will probably be two separate manifestos with a short joint statement of priorities.

There is a considerable debate about how far the parties will gain from trying to appeal to complementary slices of the electorate, rather than to stress the joint Alliance feature.

Particular problems have arisen about the allocation of time for party political and election broadcasts. On present trends the Liberals and SDP would jointly only be entitled to broadcasts on the ratio of two for them against five for the Conservatives and five for Labour. There is likely to be strong pressure on the broadcasting authorities to change this ruling.

3—Joint Finances. Both parties are short of cash and the SDP's intake of new members has fallen to about 200 a week from between 400 and 500 a week at the beginning of this year, while renewals of membership are claimed by party leaders to be about 65 to 70 per cent of those who joined a year ago.

Business support has been less than originally hoped and there is some evidence that companies might prefer to support the Alliance as a whole rather than its individual components on the justification that to their often Conservative shareholders, this is a means of securing proportional representation.

There has been a very small amount of joint financing for the commissions on unemployment and the constitution. Some SDP and Liberal leaders favour joint fund-raising, though some supporters of Dr David Owen would object that this smacks too much of unifying the parties.

4—Joint spokesmen in the Commons. This is a particularly tricky question since at present the Alliance benefits from having two sets of party leaders who are separately called to speak and they might have less opportunity if there were joint spokesmen. Some SDP leaders are also rather dismissive about the abilities of their Liberal opposite numbers and would be reluctant to give them prominent portfolios.

5—The Alliance leadership. Mr David Steel, the Liberal leader, has talked merely about the necessity for a Prime Minister-candidate rather than an Alliance leader as such and he does not want to give the mantle too quickly to Mr Jenkins.

Roy Jenkins: belief in cementing alliance

Mr Steel is aware of some unrest among his rank and file following the May local elections when the Liberals performed better than the SDP and he wants to take a cautious line until the Liberal Assembly in mid-September.

Apart from Alliance issues, the SDP also faces internal decisions. In particular, many of its leaders feel that too much attention has been focused on internal democratic procedures and not enough on preparing the party for the next election.

The internal elections are not yet over with a contest this September between Mr Bill Rodgers and Mrs Shirley Williams for the party presidency and a complicated series of elections for the national committee which will not be completed until late October.

Some experienced campaigners are privately sceptical about whether many local SDP branches are properly prepared for campaigning. The local elections are alleged to have shown up serious organisational shortcomings, which are aggravated by the absence of professional agents.

Since May there has also been a fall-off in attendance at local party meetings as many early enthusiasts appear to have dropped out, leaving a core of activists of varying abilities, who, some party leaders fear, are insufficiently aware of organisational questions.

While political scientists often discount the importance of the local constituency organisation in national elections, this could be more important than in the past since three-party contests may mean that active local campaigning establishes a high profile for the challenger and attracts votes from other parties.

The Alliance's prospects will be tested in the autumn and could improve given Labour's continuing problems and a possible waning of the "Falklands factor." Yet Mr Jenkins and his colleagues still have a lot to do to regain for the SDP and the Alliance the momentum they had a year ago.

Thatcher denounces Foot as 'the strikers' friend'

BY IVOR OWEN

THE LABOUR leader, Mr Michael Foot, was branded "the strikers' friend" by the Prime Minister in the Commons yesterday when she again ruled out intervention by the Government to end the dispute which is disrupting the railways.

She made the charge in endorsing the view of Mr Tim Eggar (C, Enfield North) that in supporting the train drivers' union, Aslef, in its refusal to implement more flexible hours, Mr Foot was putting the interest of "a small Luddite union" before those of commuters and the national interest.

While Conservative MPs jeered, Mr Foot retorted: "I am the friend of a peaceful settlement in this industry, as in others. He warned Mrs Thatcher that the strike had great dangers for the railway industry and for the community at large.

Mr Foot reaffirmed his belief that the proposals put forward by the BR board on June 25 and rejected were very close to those which Aslef had been ready to accept on July 3. If the Government would make an effort, a settlement could be reached.

Mrs Thatcher replied that the Government wanted a settlement on terms and conditions that would produce a modern and efficient railway.

Ignoring Labour shouts of, "You're the strikers' enemy," she insisted: "Nothing less will do for Britain or for these many commuters who rely on the services of the railways should provide."

The Prime Minister and the Opposition leader returned to a collision course when she maintained that the Aslef proposal which he had supported amounted to no more than a call for yet another conference.

Mr Foot argued that Mrs Thatcher had been misinformed. While admitting that it had been a "pity" that Aslef had not accepted the BR board's proposal on June 25, he urged the Prime Minister to get one of her Ministers occupied "with the business of getting a genuine settlement."

The Prime Minister hit back by reminding Mr Foot of the outspoken attack on Aslef by Mr Sidney Weighell, general secretary of the National Union of Railwaymen, and his lack of surprise at the position taken up by Mr Foot.

Mrs Thatcher also condemned the disruptive tactics of health service workers. Stressing that the care of patients was being damaged, she said: "I do not believe that is what trade unionism stands for."

● Mrs Thatcher told MPs the Government hopes to receive the police report on Buckingham Palace security next week. "I hope that it will give a thorough review of the security matters surrounding the Queen and other members of the Royal Family," she said during Question Time.

The inquiry, being conducted by Assistant Commissioner John Dellow, would examine at least two major points: whether the systems themselves were adequate for protection, and whether they were properly operated by the people at the time.

Bid to aid football clubs fails

A BACKBENCH move to ease the parlous financial plight of Britain's football clubs failed in the Commons yesterday when the Government refused to scrap an increase in pools tax.

MPs of all parties, who had sat up all night on detailed discussion of the Finance Bill, backed a proposal to eliminate the rise in duty of 2½p in the pound.

Mr Jim Lester (Con Beeston) said the increase would cost the game about £250,000 at a time when many clubs were facing the threat of passing into receivership.

"The industry feels that the extra tax is a fresh lead weight in the saddle-pocket of a faltering horse," he said.

Mr Denis Howell, Labour's former Sports Minister, complained that the tax was to be 42½ per cent compared with 30 per cent for bingo and 8 per cent for off-course betting. The system was "discriminatory."

Mr John Carlisle (Con, Luton West) protested that for the Government to propose to take more money out of the game at a time when the Treasury is under the impression that the pools industry is thriving, is a nonsense."

Mr Jock Bruce-Gardyne, Treasury Economic Secretary, said stakes on pools had increased from £261m to £440m over the last six years.

The amount lost to the game would be about £2,000 a club "which is a rather small sum compared with the scale of financial problems many of these clubs are facing."

Mr Bruce-Gardyne stressed: "We need the revenue."

In a vote the amendment was defeated by 112 votes to 43, a majority of 69.

BL tractor plant sale 'not made at knock-down prices'

BY LISA WOOD

BL's sale of its agricultural tractor business in Bathgate, Scotland, to a small private company was not made at "knock-down prices" the Commons Public Accounts Committee concluded in a report published yesterday.

The committee, expressed concern, however, that the Department of Industry had not given more detailed consideration to the closure, which involved the loss of 850 jobs, under arrangements made in 1980 for BL to inform the department of its plans.

It said: "Bearing in mind the substantial capacity of the plant, that it involved closure of a whole sector of the business and would add heavily to unemployment, we question why it was not until after the closure and sale was announced that BL and the Department of Industry accepted that it had major economic or political implications."

The committee recommended that the department should review the arrangements for considering BL closures, involving major economic or political considerations, to ensure that all relevant aspects were considered.

The committee's investigation, which included the services of the Comptroller and Auditor General followed an outcry, both in Parliament and outside, at the sale of the assets of the loss-making plant, announced last November, to Marshall Sons of Gainsborough, Lincs. The deal was concluded in March for an undisclosed sum.

It was suggested at the time: that assets belonging to a publically-owned company might be sold at unrealistic prices; that current or former employees of the company might have acted with impropriety in making arrangements for sale of assets; and that investment might have continued after the decision to dispose of the business had been taken, in principle, so that benefit accrued to the purchaser rather than to BL.

The inquiry, however, was limited because under present arrangements the Comptroller and Auditor General does not have access to the books of BL. Although it had said it was prepared to co-operate with a "properly authorised inquiry" into the tractor assets sale, the company did not offer access to the Comptroller for an inquiry on the committee's behalf.

The Comptroller told the committee that "while he could not give us a categorical assurance he found nothing in Department of Industry papers which suggested that there had been improprieties."

BL carried out a "high level investigation" into the handling of the sale and found no improprieties. As regards the suggestion that investment continued after Leyland Vehicles had decided on disposal, BL said that the decision, in principle, had been taken in June 1981 with only £26,000 of investment being incurred after April 1 1981.

On the price paid by Marshall the committee said: "Although BL did not provide details of the calculations, it gave the department figures which showed that closure coupled with sale of the tractor assets produced a significantly better return than straightforward closure. The plant, with capacity for making 400 tractors a week was making some 70 units a week when closure was announced.

The committee observed that the department "made no attempt to inquire into the alternatives to the sale to Marshall or into the extent of estimated future losses in tractor production.

"We cannot be satisfied therefore," the committee said, "that the Government secured sufficient information about the implications of closure." The Government's policy of minimal intervention might leave Ministers inadequately informed to discharge their accountability to Parliament.

● A more general observation by the committee was that the case illustrated the difficulties which inevitably arise when the Comptroller and Auditor General is unable to carry out a direct examination of the handling by public corporations of substantial sums of public money and public assets, and to provide assurance directly to Parliament.

Twentieth Report from the Committee of Public Accounts: Department of Industry, Leyland Vehicles, Bathgate. HMSO, £4.35.

John Lloyd, Labour Editor, examines the TUC and Labour Party's document on planning the future

Labour calls for economic and social reconstruction

THE LAUNCHING yesterday of the TUC and Labour Party's joint document on "Economic Planning and Industrial Democracy" represents high water marks of several different strands of labour movement development. It is unfortunate for that movement that it coincides with a low water mark in its popularity.

First, it demonstrates that the TUC-Labour Party Liaison Committee, founded nearly a decade ago to co-ordinate opposition to the Heath Government's employment legislation, has now turned into the forge of labour policy on the fundamental economic issues. This is not wholly accepted by left-wingers in the TUC and in the party—a cause of future tension.

Second, the report's emphasis on planning is the most fully fleshed-out expression of the backroom work begun in the late 1960s and early 1970s by Labour policy drafters like Stuart Holland (now MP for Vauxhall) and Richard Pryke (now of Liverpool University), and given political weight by Mr Tony Benn and his allies during the left advances in the party between 1970-74. The emphasis on such instruments as the National Enterprise Board, planning agreements and state intervention all reappears here, often in new guises.

Third, the "second leg" of the programme — industrial democracy — is a development with significant differences of the work done by Mr Jack Jones, then general secretary of the Transport Workers, and others in preparing the Bullock Report on industrial democracy. Bullock's threat was put more by quiet union assassination than by noisy employer butchery and the lessons of that have been incorporated in the new proposals.

How, then, have these separate but intertwined strands come together, in a report which must now serve for Labour's economic programme, and the basis of its "social contract" with the unions for the early 1980s?

The foreword, which carries the signatures of Michael Foot, the party leader, Jim Mortimer, the party general secretary, and Len Murray, the TUC general secretary, emphasises the report's guiding philosophy: the creation of full employment. It is, they say, an argument for "a radical programme of economic and social reconstruction."

> A central challenge for the next Labour Government will be to ensure that the weaknesses in past attempts to plan are overcome.

One other theme is introduced here which is to run like a thread through the report, though never fully brought out: that is the theme of responsibility—responsibility (though this is not stated) on the part of the unions to stick to agreements reached at top level. "We cannot," the foreword says with a grimace back to 1974-79, "introduce new rights in the area of public expenditure without acknowledging new responsibilities to support priorities once they have been agreed."

The report gives a lengthy justification for the measures it proposes before proposing them. Its argument is that economic power has been increasingly centralised in the UK ("the largest 100 companies in the UK today control more than 40 per cent of manufacturing production and over half our exports").

Power has also been concentrated in Government with decision-making focused on the Public Expenditure Survey Committee (PESC) which "has become more, rather than less, impenetrable over time." At the same time, the line between public and private corporations has become more and more blurred. These developments have led both to inefficiencies and to a lack of democracy at the economic level.

These are the two legs of the argument: on the one hand, the need for planning to stimulate growth through a better flow of information and the application of funds to areas of need, with the aim of providing more jobs as the primary objective: on the other, the need to spread democracy from the political to the economic sphere (the central argument of Bullock). A key passage in the report encapsulates its authors' ideals.

"A central challenge for the next Labour Government will be to ensure that the weaknesses in past attempts to plan are overcome and that planning decisively changes enterprise behaviour. This pressure from above is not in contradiction to the pressures from below. Indeed, planning can only succeed if the priorities of national and sectoral strategies are reconciled with the aspirations of trade unionists transmitted upwards through an extension of industrial democracy."

The mechanisms for achieving these ideals are structural, economic and legislative. The fulcrum of the structural innovations is a new Department of Economic and Industrial Planning charged with providing a medium-term economic strategy, with the Treasury holding the short-term ring (much scope for creative conflict here—indeed, some creative conflict has already broken out as Peter Shore, the shadow Chancellor, has sought to retain some powers for his shadow department).

The report admits that Labour's first attempt at this, through the Department of Economic Affairs in the 1964 Government, was not a success: that is put down to Treasury interference and lack of powers for the Department. Mark 2 will not suffer from either of these.

It will be underpinned by a variety of structures. First, a National Planning Council, which may be an extended National Economic Development Council, will be the main consultative forum between Government, business and unions, from which the raw material for the plan will flow.

Second, the major tripartite event of the year will be the national economic assessment, which will, in the now famous phrase, "involve such key issues as the use of resources between personal consumption, public and private investment, public services and the balance of trade.

"To be comprehensive, such an assessment will have to cover the share of the national income going to profits, to earnings from employment, to rent, to social benefit and to other incomes."

The passage is famous because it clearly suggests incomes policy: both the TUC and the party could be said to be formally opposed to such a thing. The nettle remains to be grasped, but not yet a while.

The planning department's main instrument will be the "agreed development plan" an updated version of the planning agreements Labour never really brought in in 1974-79.

These will be put in place following discussions between Government and companies on the latters' investment, pricing, export and manpower policies: the department, to ensure that the companies "participate constructively," will have powers to issue directives, invest in, or purchase companies, give or withold assistance, control, or withhold control of prices and provide, or refuse to provide, trade protection through import controls.

These will be further buttressed by a national planning college, designed to train managers and trade union officials in the demands of the planning framework, and regional and local boards, which will attempt to iron out regional imbalances and process the national plan at local level.

Industrial democracy will require statutory authority: to allow workers to have access to information on the major corporate decisions; to ensure that they are consulted on these major decisions and that they can respond to such decisions with plans of their own within 60 days; and that discussions are then held between unions and management on the decision "with a view to reaching agreement."

> To be comprehensive the national economic assessment will have to cover the share of the national income going to profits, to earnings from employment, to rent, to social benefit and to other incomes

The emphasis in this section of the report is on enabling unions to gain increased control over the companies' decision-making rather than — as Bullock was accused of doing — laying down a top-heavy structure of board representation. The report recommends the creation of joint union committees, through which representation at various levels can be co-ordinated. These representational rights, which go up to corporate board level, would be triggered through the joint committees when the unions wished it.

All this — the planning mechanisms, and the provisions for industrial democracy — would be brought together in an Economic Planning and Industrial Democracy Act as soon as Labour takes office. The Act will:

● Build on existing legislation to giv a range of discretionary powers to the planning machinery covering for example prices, Government investment in individual companies and the extension of public enterprise.

● Oblige the Secretary of State to consult with tripartite bodies and others in exercising discretionary pressure/assistance, subject to the submission of satisfactory plans.

● Ensure that company law, whether statute or common, does not hinder the exercise of those powers and that legislation will apply to all companies with operations in the UK."

This immensely ambitious blueprint for change now goes to TUC and party conferences in the autumn, where it will almost certainly be endorsed. It will also be the subject of wide consultation among unions and party branches. Its formal endorsement, however, is not the end of the problems and questions which surround it, but only the beginning. These include:

● Can the sharp divisions of opinion over incomes policy be resolved?

● Can the respective roles of the Treasury and the Planning Department be settled?

● Can such a programme win any assent from the private sector?

● Most fundamental of all for the labour movement: can the unions take responsibility for the agreements reached by their leaders, especially when some of these leaders do not believe such agreements should be made short of the creation of a pure socialist state?

The basic political, or even philosophical, problem which gnawed at the social contract was: how to run a social contract on top of a mixed economy. It has not gone away, nor will it if Labour is ever able to put its plans into operation.

GARDENS TODAY

Bedding plants for all seasons

BY ROBIN LANE FOX

SIX WEEKS ago, you were all buying bedding plants in boxes at prices which made you hope the weather would suit them. By now, they are into their stride, showing how wide are the flowers on a modern petunia and how scent has been bred out of most of the multi-coloured tobacco plants.

Lime Green Sensation and Red Crimson Rock are handsome contrasts, but they have none of the scent of the old, dependable white.

When I asked for a few extra boxes of white tobacco plants to fill my gaps in early June, the nurseries told me they were now out of fashion and that the reds and mixtures dominated the wholesale market. In London, pink flushed tobacco plants with no scent were selling for 70p cash each. The tobacco plant is lovely indoors in a pot, an unrecognised use for this well loved annual.

At 70p a time, one plant to a pot is more than enough. For the whites can be given away by the boxful, the easiest bedding plant in the book. However small their stems at first, some prudent dis-budding and a good spell of rain soon draws them up to their full height. They are flowers which realise their scent when the air temperature drops below a modest level explaining why they smell sweetest in the early morning or evening. They are well suited to a commuter's routine, and fit their rostering round its hours.

How is the scent nowadays on the shop's varieties of sweet pea? There are those who say they have never been the same since their family met with the interest of the Earl of Spencer. In 1901 his gardener broke new ground with varieties of frilled and rustled petals, from which most modern show varieties are now descended.

A Spencer in the family is supposed, I fear, to have been bad for the children's virtue. It improved their family's showiness and lost its natural scent.

Four years ago plants of a modern Spencer sweet pea called Leamington reverted to one side of their old parentage, the common Grandi Flora sweet pea of late Victorian greenhouses and vegetable garden walls. Grandi Flora's scent was said to be entrancing, whereas the modern Spencers seemed feeble and insipid. Here, too, have we all been done out of a good thing?

Myself, I doubt it. The samplers of this experiment had no doubts when they reported it for gardeners in 1979, but I find the scent on a bunch of picked Spencers to be as strong as I could ever wish. The sweet pea asks to be used as a cut flower indoors and the range of colours and size of petals on the Spencers' descendants are surely worth the slight loss of individual scent. In a mass, they still waft through a room.

The old antique varieties have now returned to the seed lists of Thompson and Morgan, Ipswich, but I think that their duller colours and smaller flowers are not worth much bother. Progress here has been genuine and I have no nostalgia for the sweet pea which the garden centres have not revived.

I say this as one whose own sweet peas this year are very poor. I tried an experiment with the plants and it failed, as the books said it would. But the result is worth passing on.

The best sweet peas grow above a two-foot deep trench filled half and half with loam and rotted manure. This heavy seeding is a proven practice, but, at the same time, growers are always told that sweet peas like other leguminous plants will fail if given too much nitrogen as a fertiliser.

This year I tried my plants in a bed which is three parts pig manure to one part heavy loam. Most plants enjoy their space here, some of them surprisingly so, but the sweet peas have scorched on their leaves and turned yellow as the handbooks hinted that they would. Extra manure is not the way, beyond a certain point, to grow the sweet peas of the century.

On the whole, overfeeding is said not to suit many bedding plants as it encourages lush green growth and sparser flowers. Poor soil brings out a thick crop of buds, they say, but I have never had better tobacco plants, annual flax, stocks, cherry pie or late summer Rudbeckia than in this bed of unusually high manure content.

This year two old varieties have been outstanding, and I will round off my thoughts on the annuals we tend not to buy ready grown in boxes, with a good word for them.

Why do the nurseries not sell the hardy blue echium by the yard in boxes in early June? I have grown this glorious annual for years, sometimes in boxes for my convenience although it can also be sown straight into open ground in April, and thinned a few weeks later.

I have just chanced on Sutton's seed catalogue for 1955 which remarks how the echium "deserves more popularity." Matters have not changed.

The lists all stock it but I wonder what happens to the packets they sell. Drifts of this foot-high blue, white and pink annual so seldom appear in the gardens which I know; all weathers suit this rough-leaved annual and its cup-shaped flowers and I have never been let down by it in any season wet or dry.

One plant bushes out a foot wide, and flowers brilliantly, for months if you trim off the dead flowers. Fifty plants fill a fair-sized flowerbed and are not at all vulgar or common. Before you fork out for next year's petunias, reflect that you can raise your own echium for 20p and next to no trouble.

The fate of those packets of Baby Blue Eyes, the common name of a thing called Nemophila, is no less of a mystery to me. This has to be as easy to grow as a foolproof nasturtium yet its low clumps of finely cut leaves and saucer-shaped small flowers seldom turn up in private gardens, least of all in those cottage gardens which are meant to cherish them. It likes cool, half shaded places. Any soil or weather suits it if it has some water, but, I think, in my pig manure, there is a new intensity to its blue colour.

By sowing these simple annuals with your echium in April, you have bedding plants for all seasons at a price which barely covers the nurseryman's plastic boxes.

Among my scorched sweet peas, I have never seen better fed or better contented flowers which will keep the garden alive from now until late September.

FT COMMERCIAL LAW REPORTS

Right to retain profits for diversification

WILSON AND GARDEN LTD v COMMISSIONERS OF INLAND REVENUE

House of Lords (Lord Fraser of Tullybelton, Lord Russell of Killowen, Lord Lowry, Lord Roskill and Lord Brandon of Oakbrook): July 8 1982

A TAX INSPECTOR may not apportion among the participators of a close company profit in excess of the company's distributions which it has retained for the purpose of diversifying its business in order to generate further profits.

The House of Lords so held when dismissing an appeal by the Inland Revenue Commissioners from a decision of the First Division of the Court of Session as the Court of Exchequer in Scotland, that profits of Wilson and Garden Ltd, a close company, should not be apportioned among its participators by the inspector of taxes.

* * *

A "close" company for corporation tax purposes, is one which is under the control of five or fewer participators. A "participator" is a person with a share or interest in the capital or income of a close company.

Paragraph 1 of Schedule 16 to the Finance Act 1972 provides: "(1) . . . the income of a close company . . . may . . be apportioned by the inspector [of taxes] among the participators; (2) . . . (a) an apportionment shall not be made . . . unless the relevant income of the company . . . exceeds its distributions . . ."

Paragraph 8 provides: "(2) (a) In arriving at the relevant income for any accounting period —(a) . . . regard shall be had not only to the current requirements of the business but also to such other requirements as may be necessary or advisable for the maintenance and development of that business . . ."

LORD ROSKILL said Wilson was a close company. From the 1930s onwards it had carried on business as a manufacturer of chalkboards. Between 1972 and 1977 there was a steady fall in the number of chalkboards sold. Early in 1976 the board of directors came to the conclusion that it was essential to find other means of creating profits in order to maintain the trading position.

Later that year the directors made inquiries about the acquisition of a major motor dealership. That was an entirely new departure for Wilson since hitherto its only connection with the motor trade had been the ownership of a number of vehicles used in connection with the chalkboard business.

Wilson's accounts for the year ending June 30 1975 were approved by the directors on October 8 1976. The accompanying report recommended that dividends totalling £6,614 should be paid out of a profit of £68,573. Those accounts were adopted by Wilson on November 17. Meanwhile, on November 12, Wilson had decided to acquire a Ford retail dealership at Glenrothes in Fife. It was later acquired at a cost of £109,000.

That acquisition was contemplated on October 8, when Wilson's accounts were approved by the directors.

The inspector of taxes served notice on Wilson that £51,066 was to be apportioned in respect of its financial year ending June 30 1975. Wilson appealed to the General Commissioners. They dismissed the appeal. The First Division allowed Wilson's appeal from their decision. The commissioners now appealed.

Whether the First Division or the General Commissioners were correct depended on the application of the facts to the relevant statutory provisions. The all-important words, to be found in paragraph 8 (2) (a) of Schedule 16 to the Finance Act 1972, were "the current requirements of business," and "such other requirements as may be necessary or advisable for the maintenance and development of that business."

In construing those words the crucial question was whether regard was to be had only to the business which Wilson was actually carrying on at the relevant date (October 8, when the accounts were approved), so that "maintenance and development of that business" referred only to business which it was then actually carrying on (the "narrow construction"); or whether regard might also be had to whatever was genuinely in Wilson's contemplation on October 8, as being then required for future maintenance and development of the business (the "wide construction").

The General Commissioners preferred the narrow construction. The First Division preferred the wide construction.

The purpose of Schedule 16 was to prevent the accumulation by close companies of undistributed profits which were in truth income, and thereby the conversion of income into tax-free capital.

Acceptance of the wide construction did not of itself seem to offend against that legislative purpose. In the present case its effect would be to enable Wilson to seek to generate further profits, not to seek to capitalise profits which it had already earned.

Changes in circumstances between the end of a financial year and the date on which accounts were approved might make it essential for a taxpayer to take decisions which could not possibly have been envisaged at the end of the financial year.

During that period there might have been a complete change in the demand for the taxpayer's products, requiring development of some new line of business: or the normal supply of raw materials might suddenly cease, requiring the taxpayer to acquire some trading company which produced not only those materials, but others as well.

It was not easy to see why "current requirements" should not reflect those matters; nor why a taxpayer should be in peril of Schedule 16 if distribution of its profits was restricted in the interests of sound financing of future development.

"Requirements of business" connoted something which was continuous and which would, or might from time to time, require maintaining or developing, or both. There was no reason why "development" should not include "diversification."

On the Commissioners' narrow construction, if on the day before the relevant date, the new business had already been acquired, Wilson would succeed; but if it was only in its contemplation on that date, Wilson must fail. Such a result would be indefensible. The language of the statute did not require it. Nor did the legislative purpose of Schedule 16 demand it. The wide construction was correct.

His Lordship would dismiss the appeal.

Lord Fraser, Lord Russell, Lord Lowry and Lord Brandon agreed.

For the Commissioners: Lord Mackay of Clashfern, R. Carnwath and A. C. Hamilton (R. S. Boyd, agent for T. H. Scott, Edinburgh).

For Wilson: G. W. Penrose, QC, and J. E. Drummond-Young (Lee, Bolton and Lee, agents for Dundas and Wilson, Edinburgh).

By Rachel Davies
Barrister

TELEVISION

Tonight's Choice

The tragic death of Kenneth More removes from the world of entertainment an actor who so often provided us with screen portrayals of the classic Englishman. These performances ranged in scope from comedy, "Genevieve," to drama, "Reach For The Sky." Tonight BBC-1 shows one of his light-hearted classics, Doctor In The House.

This also means that we are not destined for a whole evening of Dick Emery, since BBC's planned showing of "Ooh . . . You Are Awful" has been postponed. Emery fans can still find a repeat of an old Dick Emery Hour on ITV.

Emery is an acquired taste, but then probably the same could be said for the two-and-a-half hours of violin playing which BBC-2 will be offering in two parts. This is the Carl Flesch International Violin Competition, live from the Barbican with three of the finalists, Ruggiero Ricci, Henryk Szeryng and Shu-Chen Tan, in performance.

Donizetti's Mary Stuart (BBC-1, 9.25) with Rosalind Plowright and David Rendall as Dudley, is an example of the BBC's tinkering with sponsorship. Shell UK put some cash into the project and the BBC went into association with the National Video Corporation for the actual production.

ARTHUR SANDLES

BBC 1

6.40 am Open University (UHF only). 10.25 Cricket: The NatWest Bank Trophy, second round. 1.00 pm News After Noon. 1.27 Regional News for England (except London). London and South-East: Financial Report. 1.30 King Rollo. 1.35 Bric-a-Brac. 3.45 Pobol Y Cwm. 4.18 Regional News for England (except London). 4.20 Play School. 4.45 Joey and Redhawk.

5.05 Newsround.

5.10 The Monkees.

5.40 Evening News.

6.00 Regional News Magazines.

6.25 Nationwide.

7.00 The Wednesday Film: "Doctor in the House" starring Kenneth More.

8.30 Now Get Out Of That: Two teams accept the challenge to cope with the unknown for 24 hours in the open.

9.00 News.

9.30 Mary Stuart: An opera by Donizetti, with Janet Baker, Rosalind Plowright and David Rendall.

11.50 News Headlines.

† Indicates programme in black and white

BBC 2

6.40 am Open University.
10.05 Gharbar.
10.30 Play School.
12.30 pm Open University.
1.20 Cricket.
5.10 Philosophy of Science—1.
5.40 Birth Control in the '20s.
6.10 Carl Flesch International Violin Competition.
7.40 News Summary.
7.45 The Travel Show.
8.05 Carl Flesch International Violin Competition.
9.00 Butterflies.
9.30 Cloud Howe.
10.25 Cricket highlights.
10.50 Newsnight.
11.35 John Field.

LONDON

9.30 am Cartoon. 9.40 India. 10.30 The Rocking Chair Rebellion. 11.10 Struggle Beneath the Sea. 11.35 Freetime. 12.00 We'll Tell You a Story. 12.10 pm Rainbow. 12.30 The Communicators. 1.00 News with Peter Sissons, plus FT Index. 1.20 Thames News with Robin Houston. 1.30 Look Who's Talking. 2.00 After Noon Plus Revisited. 2.45 Beyond Westworld: Jim McMullan, James Wainwright in "Westworld Destroyed." 3.45 Three Little Words. 4.15 Dr Snuggles. 4.20 Storybook International. 4.45 Andy Robson. 5.15 Around London.

5.45 News.
6.00 Thames News.
6.25 Help!
6.35 Crossroads.
7.00 Where There's Life.
7.30 Coronation Street.
8.00 The Dick Emery Hour.
9.00 Something in Disguise: Anton Rodgers, Richard Vernon, Ursula Howells in "First Sight."
10.00 News.
10.30 The Police and the Public: "Until Proven Guilty."
11.30 Mannix.
12.25 am Sit Up and Listen

All IBA Regions as London except at the following times:—

ANGLIA

9.35 am Mumbly. 9.45 International Darts. 10.10 Film: "The Amazing Mr Blunden." 11.50 Wattoo, Wattoo. 1.20 pm Anglia News. 2.45 Welcome Back Kotter. 3.15 World Worth Keeping. 5.15 Private Benjamin. 6.00 About Anglia. 7.15 Where There's Life. 8.00 Falcon Crest. 11.30 Hallelujah Hollywood. 12.35 am Personal View.

CENTRAL

9.50 am Terry Fox: I Had a Dream. †11.00 Hopalong Cassidy. 1.20 pm Central News. 2.45 Palmerstown. 5.15 Different Strokes. 6.00 Crossroads. 6.25 Central News. 8.00 Falcon Crest. 11.30 Replay: The News Doctors.

GRANADA

9.30 am The Sola System. 9.50 Wednesday Matinee: "Laxdale Hall." 11.00 Sesame Street. 1.20 pm Granada Reports. 2.00 Winners and Losers. 2.30 Putting On The Style. 2.45 Palmerstown. 5.15 Welcome Back Kotter. 6.00 This Is Your Right. 6.05 Crossroads. 6.30 Granada Reports. 8.00 Falcon Crest. 11.30 Dear Detective.

HTV

9.55 am 3-2-1 Contact. 10.20 Beachcomber. 10.45 The Extraordinary People Show. 11.10 The World We Live In. 11.35 Superstar Profile. 1.20 pm HTV News. 2.45 To The Wild Country. 4.15 Ask Oscar! 5.15 Stingray. 6.00 HTV News. 8.00 Falcon Crest. 10.28 HTV News. 11.30 The Living Legends of Jazz and Blues.

HTV Cymru/Wales—As HTV West except: 11.10 Vicky the Viking. 12.00 Ty Bach Twt. 4.15 Here's Boomer. 4.45 Llygad Barcud. 6.00 Y Dydd. 6.15 Report Wales.

SCOTTISH

10.00 am Wild, Wild World of Animals. 10.25 Summer Matinee: "The Day The Earth Caught Fire." 1.20 pm Scottish News. 2.45 The Love Boat. 5.15 Teatime Tales. 6.00 Scotland Today. 6.30 Talking Scots. 8.00 Falcon Crest. 11.30 Late Call. 11.35 The Monte Carlo Show.

TSW

9.25 am Sesame Street. 10.35 Documentary (Nova). 11.25 Bailey's Bird. 11.50 Sally and Jake. 1.20 pm TSW News Headlines. 2.45 Play: "Miracles And Miss Langham." 5.15 Gus Honeybun's Magic Birthdays. 5.20 Crossroads. 6.00 Today South-West. 6.30 Televiews. 6.40 Sportsweek. 8.00 Falcon Crest. 10.32 TSW Late News. 11.30 Vegas. 12.25 am Postscript.

TVS

9.35 am Spread Your Wings. 10.00 Survival. 10.25 240 Robert. 11.15 European Folk Tales. 11.30 Fangface. 1.20 pm TVS News. 2.45 Trapper John. 5.15 Watch This Space. 6.00 Coast to Coast. 6.30 Coast To Coast. 8.00 Falcon Crest. 11.30 Barney Miller. 12.20 Company.

TYNE TEES

9.20 am The Good Word. 9.25 North-East News. 9.30 The History Makers. 9.55 European Folk Tales. 10.10 Colour. 11.00 Survival. 11.25 Stingray. 11.50 Mumbly. 1.20 pm North-East News. 1.25 Where The Jobs Are. 2.45 The Love Boat. 5.15 The Great Yorkshire Show. 6.00 North-East News. 6.02 Crossroads. 6.25 Northern Life. 8.00 Falcon Crest. 10.30 North-East News. 11.30 At Home With The Spinners. 12.00 Get It Right.

YORKSHIRE

9.30 am Sesame Street. 10.30 Jason of Star Command. 10.55 Paint Along With Nancy. 11.20 Rocket Robin Hood. 11.40 Bow and Arrow. 11.55 The Undersea Adventures of Captain Nemo. 1.20 Calendar News. 2.45 Charlie's Angels. 5.15 The Great Yorkshire Show. 6.00 Calendar (Emley Moor and Belmont editions). 8.00 Falcon Crest. 11.30 The Living Legends of Jazz and Blues.

RADIO

RADIO 1

(S) Stereo broadcast (when broadcast on VHF)

5.00 am As Radio 2. 7.00 Steve Wright. 9.00 Simon Bates. 11.00 David Jensen with the Radio One Roadshow from Northern Ireland. 12.30 pm Newsbeat. 12.45 Dave Lee Travis. 2.00 Paul Burnett. 4.30 Peter Powell including 5.30 Newsbeat. 7.00 Radio 1 Mailbag. 8.00 Richard Skinner. 10.00 John Peel (S).

RADIO 2

5.00 am Ray Moore (S). 7.30 Terry Wogan (S). 10.00 Jimmy Young (S). 12.00 Gloria Hunniford (S). 2.00 pm Ed Stewart (S). 4.00 David Hamilton (S). 5.45 News: Sport. 6.00 John Dunn (S). 8.00 Alan Dell. 8.30 Among Your Souvenirs (S). 9.15 John Fox (S). 9.55 Sports Desk. 10.00 Tom Mennard. 10.15 Wall Street Crash. 10.30 Hubert Gregg. 11.00 Brian Matthew with Round Midnight (stereo from midnight). 1.00 am Encore (S). 2.00 You and the Night and the Music with David Bellan (S).

RADIO 3

6.55 am Weather. 7.00 News. 7.05 Your Midweek Choice (S). 8.00 News. 8.05 Your Midweek Choice (continued). 9.00 News. 9.05 This Week's Composer (S). 10.00 Schubert and Hindemith (S). 11.00 Mozart in Paris in 1778 (S). 12.00 BBC Concert Orchestra (S). 1.00 pm News. 1.05 Summer Season (S). 2.00 What the Critics Said. 2.50 Percy Aldridge Grainger (S). 3.35 Beethoven (S). 4.00 Choral Evensong (S). 4.55 News. 5.00 Mainly For Pleasure (S). 6.30 John Aldiss Choir (S). 7.00 The Man on the Hill. 8.00 Cheltenham Festival 1982 Concert, part 1: Schubert, Fricker (S). 8.55 Six Continents. 9.15 Cheltenham Festival 1982, part 2. 10.00 Mozart (S). 10.05 A Century of Poetry. 10.30 Tchaikovsky (S). 11.15-11.18 News.

RADIO 4

6.00 am News Briefing. 6.10 Farming Today. 6.30 Today. 8.33 Yesterday in Parliament. 9.00 News. 9.05 Midweek: Clare Francis (S). 10.00 News. 10.02 Gardeners' Question Time. 10.30 Daily Service. 10.45 Morning Story. 11.00 News. 11.03 Baker's Dozen (S). 12.00 News. 12.02 pm You and Yours. 12.27 A Small Town in Germany by John le Carré. 1.00 The World at One. 1.40 The Archers. 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.02 Afternoon Theatre. 3.47 Time For Verse. 4.00 News. 4.02 Showbiz Naturalists. 4.10 File on 4. 4.40 Story Time. 5.00 PM. 5.50 My Music (S). 7.00 News. 7.05 The Archers. 7.20 Radio 4 Afloat. 7.45 Animal Language (S). 8.15 Antony Hopkins (S). 8.45 And Then There Were Three. 9.30 Kaleidoscope. 10.00 The World Tonight. 10.30 England, Their England. 11.00 A Book at Bedtime. 11.15 The Financial World Tonight. 11.30 Today in Parliament. 12.00 News.

RACING

BY DOMINIC WIGAN

RACEGOERS get another chance today to see Guy Harwood's £260,000 yearling purchase Lyphard's Special in action. The unbeaten Lyphard colt has been declared for this evening's Wren Stakes at Kempton.

The half-length conqueror of a more forward rival in Gallant Special at Newbury on his debut in early June, Lyphard's Special, a particularly good-looking half-brother to champion American sprinter My Juliet, had no difficulty following up at Salisbury a fortnight later. Sent to that Downlands course for the £6,000 Champagne Stakes, Lyphard's Special made short work of Greene Normandy—more easily than a 2½-length margin would suggest.

Almost certainly a high-class miler in the making, Lyphard's Special should find little difficulty in completing the hat-trick in a race which a year ago went to his stable companion Santella Man. However, as was the ease with that winner, Lyphard's Special will be long odds-on, for only two—Cut'n Dry and Monetarist—oppose him.

Cut'n Dry made little impact when ninth of 11 in a minor event at Yarmouth. So it seems probable that Monetarist is the one to back in a forecast. On his one appearance to date, this chestnut son of that promising first-season sire Monseigneur showed a fair degree of promise when down the field behind The Quiet Don at Salisbury.

A second potentially smart youngster in action this evening is Bill O'Gorman's Boom Town Charlie among the runners for the Willow Stakes. Another American-bred yearling purchase, this £32,000 son of Silent Screen has improved dramatically since finishing a place in front of Cut'n Dry at Yarmouth and could hardly have treated Miami Dolphin with less respect on his recent return to the east coast track. Unless Airfield is an unusually talented newcomer, Boom Town Charlie will probably follow up with a minimum of fuss.

Now that both Charde and Field Lady have been pulled out of this afternoon's closing Limpley Stoke Maiden Stakes at Bath, the way should be clear for Dreaming Away to record a long overdue first success. The Sir Ivor filly almost coped with Cornish Heroine in the Warwick Oaks last time out.

BATH
3.30—April Memories
4.00—Socks Up
4.30—Dreaming Away***

YARMOUTH
2.15—Prince's Circus*
3.45—Francesco

KEMPTON
6.00—Spectacular Sky
6.30—Apples Of Gold
7.00—Lyphard's Special
7.30—Boom Town Charlie**

THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

Making a bigger business out of buying

In the first of several articles on the upgrading of certain jobs, Arnold Kransdorff talks to Whitbread's purchasing director

Profile

DAVID SHERIDAN is learning to live with the fact that many of his professional colleagues talk about him behind his back, even though he suspects that most of what they say is unflattering.

The reason, he believes, is that he holds controversial views on how members of his profession should do their job. Whenever he can he tells them so, either on public platforms or through the columns of the trade press.

This earns him no prizes in popularity. But he is unapologetic in his thesis that the purchasing departments of most industrial companies are still operating in the Dark Ages.

This is because purchasing managers have not generally asserted themselves in the corporate hierarchy, says Sheridan. As a result, the purchasing function languishes within management—an undeserved fate given the relative importance of bought in materials to the final cost of any product.

Sheridan thinks he is well qualified to make this observation, having spent more than 30 years in purchasing for the toy, confectionery, paper, glass and brewing industries. For the past 12 years he has been with Whitbread, latterly as the company's purchasing director, a non-board appointment comparable in status with the managing director of a regional operating company.

He was brought in to set up the purchasing function from scratch, the previous operation having been the responsibility of departmental budget holders.

His appointment—through a headhunter—resulted from the advocacy of a more professional approach by a main board director who had come from Ford, a company with progressive ideas on purchasing.

Few companies, maintains Sheridan, rate the purchasing function as high as do Ford and Whitbread—a factor that reflects the poor esteem in which it is held.

Another symptom is pay. Top buyers nearly always languish near the bottom of the executive pay league although—as Sheridan points out—this is beginning to change in larger companies.

"Twenty-odd years ago a top buyer would earn around a third of the chairman's salary. Today the figure would be nearer to 50 per cent, but there are only a handful of them around. The majority are still earning a third of their chairman's pay—largely because they are still doing the same old jobs."

At Whitbread, Sheridan handles expenditure of £200m a year with a staff of 38. He is involved in securing all the company's capital equipment, as well as carpets, light bulbs, and many other low value items. Only wines, spirits and the services of utilities are excluded.

Technologists

Cutting purchase prices obviously has a significant impact on profits. Yet he says the purchasing departments of many industrial companies are seen as mere procedural departments, which place orders or run-of-the-mill items with traditional trade suppliers and monitor the incoming goods.

Where the buying of expensive items such as capital goods is concerned, purchasing departments generally hardly get involved, except in a purely administrative capacity. The decisions are usually made by "technologists" such as engineers, who are the budget holders, says Sheridan.

When that happens buyers often feel it necessary to get involved and criticise the technological choice. "In that event the exercise becomes a waste of time, because the buyers get overruled by the engineers who rightly say they have no technological expertise," says Sheridan. "Engineers will also react adversely because they usually see that type of interference as representing an erosion of their responsibility and power."

Sheridan believes that the role of the industrial buyer in larger companies should be an entrepreneurial one. "Today a buyer has to be a highly skilled negotiator and not a pseudo-technologist. Most industrial buyers wrongly see part of their role as being involved in the technological side of buying decisions. They should not assume someone else's expertise."

Decisions about choice of capital equipment should be left to the technologists—without question—Sheridan emphasises. "The buying department should be told what to get. It is then up to the buyer to negotiate the best possible price."

As one of a new breed of purchasing manager who sees his job as a money-making role as opposed merely to a supplying role, Sheridan reckons that with his modern approach to purchasing he has an automatic competitive edge.

To play their part, his staff have to be more than form-fillers and checkers, the traditional role of the industrial buyer.

For one thing they have to be highly numerate. They have to know about money market rates, both in the UK and abroad, and about leasing.

They also have to know about the techniques of the foreign exchange and commodity markets—such as how risk can be hedged by buying forward.

Their other skills include having to know something about contract law and, in order to be able to maximise on capital allowances, the vagaries of corporate taxation.

Says Sheridan: "I would describe myself as a technological moron. I leave the technical details to the people who know best, whether they are engineers wanting sophisticated machinery or secretaries wanting stationery. My job is to get the best commercial deal.

"I am quite confident that using all our techniques, we can buy at least four per cent better than most of our purchasing counterparts elsewhere in industry."

Hugh Routledge

"Self-taught" is how David Sheridan (above) describes himself. After being demobbed from the army in 1948 he joined a small private company which imported mechanical toys from the Continent. Two years later he joined Sharps Toffee, where he stayed for 11 years, first in the buying department, then as an export sales executive and finally as chief buyer. It was in this role that he joined Bowater Scott in 1961 and in 1967 he was asked to take over the company's marketing operation, a job he found unrewarding. As a result he moved to United Glass as group purchasing manager in 1968 and was subsequently head-hunted by Whitbread.

Tips for time-wasters

LAUREN JANUZ and Susan Jones are, in a way, weight watchers — of the industrial kind.

They believe managers waste much of their time. By disciplining themselves in simple ways, they believe individuals can "cut the fat" from their habitual schedules and get rid of the activities and chores that do not give full value for time spent.

Although they do not put a figure on how much time they think is wasted, they estimate managers could increase their productivity by 15 per cent a month by acting on certain tips and suggestions on telephoning, reading, writing, dictating, delegating, and travelling.

Januz and Jones are the authors of a new book called Time Management for Executives,* which suggests that the hourly cost of a $28,000-a-year manager is probably around $160, taking into account overheads and support personnel, such as a secretary.

They maintain that knowing one's money value is essential in helping an individual to focus on what is the most productive use of time at any given moment.

After that, he or she needs to understand certain personal characteristics—such as whether one is a morning or a night person.

Januz and Jones go on to recommend Flexitime to accommodate these biological peaks and troughs.

The two authors also believe that physical fitness plays an important part in good time management. Some form of physical activity also relieves stress, they say.

Accordingly, they recommend a routine of office callisthenics. Among them:

- Grasp the bottom of the chair as you sit. Use both hands, keeping your feet on the floor and your arms and back straight. Lift up: you will stay seated but the tension will leave your back and arms.
- Squeeze the phone as hard as you can before you hang up. You will rid yourself of harmful muscle tension.

The authors have hundreds of suggestions for time saving, most of them pedestrian ideas such as "avoid procrastination" and "set deadlines." But there are also some gems.

- If you tend to be late for appointments, set your watch ahead of time.
- Do not mix business calls with pleasure chat.
- Always hold meetings in other people's offices, so you can leave when you want to. One way to avoid playing host is to get rid of extra chairs.

There's nothing like being unsociable at work!

* *Sidgwick and Jackson. Price £7.95.*

AK

BOARDROOM BALLADS

SPOILED FOR CHOICE

I trod, where fools alone may tread,
Who speak what's better left unsaid,
The day I asked the boss his view
On what I was supposed to do;
For, after two years in the task,
I thought it only right to ask.
In case I'd got it badly wrong
'Ad-hoc'ing as I went along.

He quizzically raised his eyes
And made no effort to disguise
That, what had caused my sudden whim,
Had equally occurred to him:
And thus did we embark upon
Our classic corporate contretemps,
To separate the fact from fiction,
Bedevilling my job-description.

For first he asked me to construe
A list of things I really do;
While he—he promised—would prepare
A note of what he thought they were;
And, with the two, we'd take as well
The expert view from personnel,
And thus eliminate the doubt
On what my job was all about.

But when the boss and I conflated
The tasks we'd separately stated,
The evidence became abundant
That one of us must be redundant;
For what I stated I was doing
He claimed himself to be pursuing,
While my role, on his definition,
Was way outside my recognition.

He called in personnel to give
A somewhat more definitive
Reply, but they, by way of answer,
Produced some vague extravaganza,
Depicting, in a web of charts,
Descriptive and prescriptive parts
Of tasks, the boss and I agree,
Can't possibly refer to me.

So, hanging limply as I am,
In limbo on the diagram,
Suspended by a dotted line
From functions that I thought were mine,
I feel it's maybe for the best
I made my innocent request;
I hopefully await their view
On which job of the three to do!

Bertie Ramsbottom

Next week: Chairmen past and present

BUSINESS PROBLEMS

BY OUR LEGAL STAFF

Deductible losses

For the last few years I have had a net loss on the letting receipts of a furnished house, after taking into account all the allowable deductible items viz: gross annual value, rates, maintenance and insurance, and 10 per cent for wear and tear. Can this net loss be allowed as a deduction from other income?

We take it that you have elected (under section 67(2) of the Income and Corporation Taxes Act 1970) that paragraph 4 of schedule A should not apply. Be that as it may, the loss is deductible only from income assessable under case VI of schedule D (by virtue of section 176 of the Taxes Act). Even though you have no case VI income at present, apparently, you should claim relief under section 176 fairly soon, because of the time limit in subsection 5.

Fixed term letting

I own a flat with a car space in the basement. I intend to rent the car space. What agreement should I have so that I can get the space back if I sell the flat or purchase a car?

If you let the car space separately from any other premises and impose a covenant not to use the premises demised for the purpose of any business or profession, the letting will not be subject to any form of control and you can recover possession at the termination of the contractual tenancy. A fixed term letting is advisable.

Private company

About seven years ago I was given some shares in a private limited company for services that I had rendered to the managing director. Since that time I have never received any notices of AGMs, accounts, etc. What steps can I take to get these and what steps, if any, can I take to realise my holding?

The accounts of the company may be inspected in the Companies Registry at Companies House, Crown Way, Maindy, Cardiff. There will in all probability have been no dividends declared in a company of the kind you mention; and the shares, if it is a minority shareholding, are likely to be incapable of realisation without the consent of the directors. You ought to have had notice of all company meetings, and it might be wise to write to the company secretary to inquire why you have not had any such notice.

Eligibility for redundancy

I am the managing director of a small building maintenance company established as a limited liability company in October 1960. Because of difficult trading conditions and lack of orders my three employees were made redundant on January 1. The first advice of redundancy, Form RP1 included myself with date and weekly pay to be advised. This produced a call from an official who, as I understood it, approved all four redundancies (Form RP3).

My redundancy has now been fixed for an early date and advice of this resulted in a telephone call saying that we should not rely on receiving the government contribution in respect of myself, but they would communicate with us again. The government contribution in respect of the three employees has been paid.

What is your opinion please as to whether or not the government contribution should be paid in respect of myself?

It would be necessary to look at your contract of employment with the company in order to advise you. If you were only entitled to remuneration as a director without a contract of employment you would not be entitled to a redundancy contribution.

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

THE ARTS

Television

Nigel Andrews

Only when I laugh

"It's a doll. You turn it upside down and it says, 'You can cut that out for a start'". Eric Morecambe, with a little help from E. Wise, was cutting a swathe clean through Christmas presents, as well as through Glenda Jackson, Peter Cushing and Sir Alec Guinness, in a re-run taste of what has been for 20 years the funniest comedy act on television. Morecambe is the tall thin human hand-grenade walking through polite society with the pin out. Wise is the short plump hairy one ready to shield humanity from the blast.

M & W's magically-crafted comedy often seems to stand out a lone lighthouse amid the seas of more unintentional mirth that cover the televisual globe and have been amply in evidence this last week. No wonder the funny race of TV critics happily swim through them: nibbling here a David Coleman, there an Eddie Waring, swallowing whole sports programmes or outside-broadcasts in one gulp.

Trouble is, of course, that it's a love-hate relationship. The dottiness and non-sequiturs of TV punditry have their own charm and magnetism, and here to prove it was the World Cup Final, with John Motson wittering away in that special mixture of florid hyperbole and statements-of-the-obvious that is unique to TV football commentary. One moment Motson was telling us about the Italian team's problems with "the artist from Florence" (Donatello? Michelangelo?), the next he was describing action-replayed goals for us as "the things that made *such* a difference to the result."

The chief thing that made a difference to the result of this match, of course, was the Italians' kicking ability off the ball. For those watching the game in black-and-white, the Italians were the players standing up, the West Germans the ones spreadeagled on the pitch.

Meanwhile, throughout the licensed brawl, a strange white-haired old gentleman kept jumping up and down and waving his arms in the VIPs box whenever Italy scored. It was President Pertini of Italy. Only an Italian could get away with it. Motson was unable to give us this distinguished leaper's name or perhaps didn't know it. When Helmut Schmidt came up to shake Pertini's hand after the final whistle (Pertini took a while to respond—he was knocking his pipe out on the balcony rail), Motsom quickly flustered, "It's the Italian President . . . and Schmidt." Neither being marked down in his team-lists, the disarray was understandable.

Geraldine McEwan and Paul Scofield in 'Come into the Garden, Maud'

But just how un-wise to the crowd-pleasing daftnesses of tube-idiom and tube-punditry are the "straight" TV personalities? Are they really volunteer punchbags for satiric journalists? Or is there sometimes a canny seam of disingenuousness in the way they dish out the loony bonhomie, the lowering portentousness and the occasional mishap?

"Now the traffic jam of the week and how to avoid it" intoned Desmond Lynam in ITV's new *The Travel Show:* and in an inspired mishap (inspired by whom?) the screen went totally silent for two minutes while the bushy-haired Lynam tapped a wide variety of maps scored with multi-coloured squiggles (roads) and opened and shut his mouth. Surely this was a studio jape? Sound was eventually restored, but too late to help motorists.

Definitely not-a-jape, on the other hand, was the moment in which Isla St Clair, serene hitherto, visibly bristled at the guest who had the nerve to call her "Izzla." Gasp. Miss St Clair froze and shot the look-that-kills. A flicker of authentic human response. But the programme ended in standard forced-merriment TV style, with Lynam being coaxed across the studio on one of those new-fangled bikes you straddle feet-foremost, with many an all-together-now chuckle from the boys on the floor.

Television's greatest delights as a medium are its potential for spontaneity and its reckless miscellaneity: and it's no surprise that the comperes and emcees who attempt to impose order on it—to choreograph its comic energy and control its accident quotient—are the ones chiefly targeted for destruction by TV critics.

When TV coheres, it does so less by plan than by divine and blinding coincidence. No sooner, for instance, had the first instalment of BBC-2's new economics programme *Whatever Happened to Britain?* run its course—with what already sounds like a far-left-of-centre analysis of Britain's industrial decline—than you could switch channels to catch an exercise in *It's A Knockout* in which large cardboard British castles were being knocked down by water-jets from a red hose-pipe. Clear evidence that there is a Divinity up there, shaping our multi-channel programming ends rough-hew them how we will.

Whatever Happened to Britain? edged towards the highly suspect with the first glimpse of its presenter John Eatwell's red tie and his obdurate, even heroic, refusal to define free-market Capitalism by its basic, simple, rational tenets of Supply and Demand. Instead, *laissez-faire* economics were defined and damned for Eatwell by their enshrinement of the omnipotence of MONEY. (As opposed to the omnipotence of the State in Communist societies, of Land in Feudal ones). So we were forced to look at those horrid bits of printed paper as they processed across the screen in illustration. Episode 2 will be watched closely, to further monitor the colour of Eatwell's tie: but on the evidence of episode one, he seems like a pamphleteer for Statism let loose in the land of fiscal freedom, a Common Marxist in the Common Market.

The strangest interloper of the week, however, was Paul Scofield; bloodily miscast but determinedly unbowed in two Noel Coward plays. In *Come Into the Garden Maud* he donned a transatlantic drawl that was all vowels and glottal stops and bass judders to play a rich American staying in Switzerland: possibly for an operation to have his consonants restored. "I didn't kno' you raa' a sho'" (=ran a shop) he bass-burred to princess Geraldine McEwan, who was plying her own vocal speciality of speaking-all-in-one-sentence-with - occasional - sudden - shifts-of-octave.

This oddity auto-destructed by my watch after 30 minutes. When the dust cleared two days late, we were back in the same hotel-suite watching Scofield at work in *A Song At Twilight*. This time he was a bisexual British writer duelling with ex-flame Deborah Kerr. It wasn't any better as a play, but at least Scofield had found speech. And the face is always mesmerising: ravine lines around a pursued mouth, the colossal eye-bags, the quiff of grey hair, the fathomless piercing eyes.

Elsewhere, great highlights of the TV week included the unforgettable aerial views of the boat-swarmed Canberra docking in Southampton; a giant white Lohengrin's swan surrounded by bustling mini-cygnets. And *Kopje—A Rock for All Seasons*, a fine documentary about the Serengeti, where film and TV camera-teams must by now be so thick on the plain as to be a nuisance to passing livestock; "Excuse me, I'm a migrating wildebeest, could I get by?

Low-light of the week was the baptismal episode of *Rep:* the terribly jolly shenanigans of a seaside repertory company after the war, numbering among its troupers the deaf, the old, the drunk, the lame and the vainglorious. Iain Cuthbertson plays the magisterial manager. And John Fraser, who once young-Adonised through *The Trials of Oscar Wilde*, is the crotchety Scots doctor with spindly specs and hairs issuing from his nose. *Sic transit* Lord Alfred Douglas.

Ian McDiarmid and Judy Davis

Insignificance/Royal Court

Michael Coveney

High above New York, in a hotel bedroom, Marilyn Monroe beards Albert Einstein and regales him with a brilliantly lucid resumé of the Theory of Relativity. The old man staggers back amazed. "Now," declares Monroe, her part of the pact delivered, "you've gotta show me your legs."

Although the characters of Terry Johnson's breezily entertaining, deftly written new play are not identified, the encounter is not entirely fanciful. Einstein and Monroe did in fact meet and were much taken by each other—their acquaintance was as delightfully improbable, perhaps, as that of T. S. Eliot and Groucho Marx.

"The Professor," as he is dubbed, is simultaneously pursued by a fat Senator anxious for testimony in front of the Committee for Un-American Activities. The year is 1953. Monroe is filming *The Seven Year Itch* on the street outside and her second husband, "The Ball Player," is hammering at the door.

While Monroe wants to spend the night with Einstein (since she discovered how old he was, he has gone to the top of her list), her main interest is in his work of unifying the fields of space and time. McCarthy, on the other hand, wants the atomic research handed over to the President's men. Having laid out his stall, Mr Johnson cleverly jumbles the commodities to write a touching comic piece about the strain in the relationship between Monroe and her equally exalted partner, Joe Di Maggio.

McCarthy nearly falls for Monroe's sexual tactics, but retreats with a punch to the stomach that brings on a miscarriage. Around the edges of all this, Ian McDiarmid's Einstein enters on a wistful collision course with the hard detail of emotional transaction. He, like Monroe, is at a crisis point in his work. He is suddenly overwhelmed by the insignificance of it all, and his fear of its implications is enunciated in a startling whirlwind that rushes through the bedroom curtains.

The play avoids all the usual pitfalls of Marilyn Monroe tributes on stage or page, thanks mainly to the inspired casting of the Australian actress Judy Davis (best known for the film *My Brilliant Career*). Attired in a cream, pleated replica of the dress in which the star stood orgasmically squirming by a wind machine on a New York pavement, Miss Davis projects as much natural charm and intelligence as lassitudinous carnality and rumpled indolence. It is a marvellous performance that takes you straight to the heart of the doomed idol with minimal tricks of impersonation.

Les Waters's splendid production is well served, too, by the violently contrasted studies of American manhood from William Hootkins as the senator and Larry Lamb as Di Maggio. The two of them are locked in a wonderful solipsistic dialogue in the second act.

La Bohème/Covent Garden

Max Loppert

The latest Royal Opera Mimi is Eugenia Moldoveanu, and very fine. The Romanian soprano, previously seen here as Tatyana (and a Donna Elvira much liked by me in the Béjart *Don Giovanni* at Geneva), begins advantageously, by looking the part, porcelain-featured, frail yet radiant. She continues in happy style by filling out each note and each phrase, generously, with clear, shining tone, even if on Monday somethings of the conversational charm of "Mi chiamano Mimi" was sacrificed to the singer's very musicianly habit of giving weight to every word, not just the most significant. But having found the inner rhythm of the role and the vocal writing, Miss Moldoveanu held it; and in the latter two acts the soaring, almost transfigured quality of voice and person was most gratefully registered.

This is the second *Bohème* revival at Covent Garden this season. If it were not well done, one would be right to feel that the attention currently paid to the opera in London (by the Coliseum also) is absurdly excessive; as it was well done, one could quite easily capitulate to pleasure. Riccardo Chailly conducts the work in the way of a virtuoso young conductor, with extremes of speed, with great curves and swerves of melody, with a glitter and a dash on the orchestral sound. It is saved from vulgarity by the genuineness of feeling that attends everything Mr Chailly conducts; and it was most beautifully played by the orcestra — chords justly spaced, dynamics gracefully wide (a pity the stalls applauders, in crass humour, insisted on denying him an uninterrupted curtain fall). The production, still hyperactive in Café Momus, is wearing well.

Alongside Miss Moldoveanu, and excellently contrasted with her, comes a new Musetta in Barbara Daniels, who tempers flamboyance with wit and later with real tenderness—a good mixture, with warm singing (apart from spreading climaxes) to round off the impression. The rest are familiar—Jonathan Summers (Marcello), John Rawnsley (Schaunard) and Gwynne Howell (always at his best as Colline), and a single international star in Jose Carreras. Mr Carreras promised at first to be the evening's disappointment; the voice has lost the bloom of youth, sounding large but lacking a solid core; the aria (down a semitone) was bumpy, and top notes were thin. But each scene marked an improvement, and by the close Mr Carreras was very nearly the poetic Rodolfo we have known him to be.

Jazz in the museum

Victoria and Albert Museum is holding the Jazz in the Quad at lunchtime on Wednesdays during the summer. Two concerts with The Villians 4 Swing Jazz Quartet have been arranged on July 21 and 28 at 1 pm. They will play a one hour programme of Gershwin songs on the 21st, with a more general hour on the 28th.

On August 4 and 11 at 1 pm, two bands from Goldsmiths' College will play; on the 4th Goldsmiths' Jazz Ensemble led by Len Phillips; on the 11th, Goldsmiths' Big Band led by Don Rendell.

The concerts are free and will be held in the garden of the museum, but in the lecture theatre if wet.

Eugenia Moldoveanu and Jose Carreras

Jackson Browne/Odeon Hammersmith

Antony Thorncroft

It is six years since Jackson Browne last played a London concert, a depressingly long interval for one of the giants of contemporary music. In that time he seems to have changed more than his audience. He looks younger and happier and his music has become much more raunchy. From being the most plaintive of singer-songwriters, performing achingly heart breaking songs about death, unsatisfactory relationships, and the lure of the highway to a mournful piano accompaniment, he is now the front man to yet another excellent American rock and roll band. For the audience there is the need to adjust.

I was very fond of Jackson Browne in the middle period. It was enjoyable to get a second hand frisson from his clever imaginative lyrics while the melodies stretched out towards yet another emotional crescendo. Fortunately his brisk and boisterous later material is served up by an excellent band, with Danny Kortchmar and Rick Vito on guitars competing against each other for ace soloist spot, and Jackson Browne himself revealing tremendous physical presence.

There was the occasional withdrawal to the piano and the odd solo number but in the main he was out front with his guitar making even unrecorded songs like "Tender is the night" sound useful. There was also an opportunity for his CND leanings when Chieftain Paddy Malone played the pipes on Sydney Carter's "The crow on the cradle," but for much of the two and a quarter hour set it was a rocking Jackson Browne rather than a vulnerable sensitive.

He should stop trying to communicate verbally with the audience: it kills the show, but for the rest you will hardly see a better example of laid back Californian cool. There is enough of the old (he still performs "The Pretender") for the faithful to retain their moorings, and generally it is cheering that he should be in such good voice and high spirits. A much recommended concert of American music on offer until Thursday.

Kenneth More/Obituary

KENNETH MORE, who died aged 67 on Monday night after bearing a long illness with fortitude, was an actor of immense but quiet technical skill. On stage, he was the natural heir to Gerald du Maurier and Ronald Squire, re-creating the latter's role as the Duke of Bristol in Lonsdale's *On Approval* at the Vaudeville Theatre in 1977. This was his last stage appearance, and the moment when he silently buried his affection for another's woman was typical of the emotional integrity he exuded in light comedy.

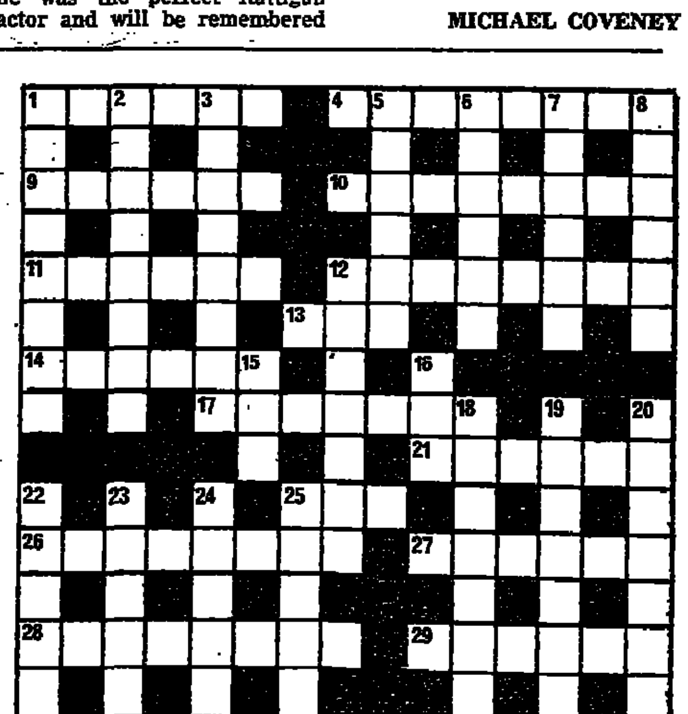
On film, he represented an ideal figure of the English gentleman at war in such epics as *Sink the Bismarck, Reach for the Sky* and *Battle of Britain.* But there was more here than just stiff upper lip and good manners. His comic talent spilled over in the movies of *Genevieve* and *Doctor in the House* (for which he won the British Film Academy Award as best actor in 1954).

Too respectable for Coward, he was the perfect Rattigan actor and will be remembered especially, perhaps, for his tastefully raffish performance, on both stage and film, as Freddie Page, in *The Deep Blue Sea.* His career achieved another high point in the BBC TV serialisation of *The Forsyte Saga,* when, as Young Jolyon, he revealed a depth and range that took many by surprise.

He was awarded the CBE in the 1970 New Year Honours and was married three times. He is survived by his third wife, actress Angela Douglas.

MICHAEL COVENEY

F.T. CROSSWORD PUZZLE No. 4,922



ACROSS

1 Wisely arch about how old one is (6)
4 It gets held up when the weather's bad (8)
9 Treatment for bruises in a car smash? (6)
10 Said and done in making a complaint (8)
11 Sensible car-drivers do keep quiet (4, 2)
12 Keeps changing dialects (8)
13 A punitive measure (3)
14 Island colonist (6)
17 It's unlikely to get worn out unless you're an athlete (7)
21 The lowest form of birds (6)
25 Cheap paper enjoyed by students (3)
26 Marriage or adoption (8)
27 Main way to fasten sheets together (6)
28 Lots of beatings (8)
29 Diffident in two ways (6)
30 Not still lacking support (8)
31 A new bride's bits and pieces (6)

DOWN

1 The case of the blackleg poet (8)
2 A bundle of nerves! (8)
3 Instructs or admonishes (8)
5 It's insane to dispose of foreign capital (6)
6 Payment received by letter (6)
7 Toiler disposed to belie his nature (6)
8 A fool it's wrong to help (6)
12 Company needs a new angle in the freeze (7)
15 Mathematical function, but not pi (8)
16 Behold around the East a sign (3)
18 Short odds? That's not fair (3, 2, 3)
19 When women propose to break with tradition (4, 4)
20 It will contain a fire (8)
22 Old copper fruit-knife? (6)
23 Fits and starts (6)
24 A grave commitment (6)
25 They're for firing ovens, perhaps (6)

Solution to Puzzle No. 4,921

[illegible]

FINANCIAL TIMES
BRACKEN HOUSE, CANNON STREET, LONDON EC4P 4BY
Telegrams: Finantimo, London PS4. Telex: 8954871
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Wednesday July 14 1982

Khomeini tests his strength

IRAN'S EVER more credible threat to invade Iraq, and its aggressive posture at the recent Opec conference, emphasise just how potent a force the revolutionary regime in Tehran has become. Less than two years ago it appeared close to economic and military collapse as it wrestled with apparently irreconcilable internal conflicts. Now Iran is again emerging as a dominant force in the Gulf and one which poses major challenges to Western interests.

The strength and resilience of Ayatollah Khomeini's fundamentalist revolution in Iran has for too long been underestimated in the West. The threat posed by the Palestine Liberation Organisation to the security of Israel and to wider political stability in the Middle East is of little consequence when compared to the achievements and ambitions of the Iranian regime.

Invasion

Khomeini has described the threatened invasion of Iraq as the first step on the road to the liberation of Jerusalem. That road will be routed through Baghdad and any other Arab capital which is deemed to be frustrating the desires of the Moslem masses, especially if that regime is also co-operating with the United States, or the "Great Satan" as Khomeini has dubbed it.

Israel's invasion of Lebanon, and the passivity of Arab regimes to the military destruction of the PLO, has been grist to the Khomeini mill. Iran was the only country to send troops to fight in Lebanon and is seeking now to present itself as the one credible counterweight to further Israeli expansionism.

The destruction of the Ba'ath Party in Iraq and its replacement by an Islamic Republican regime is the immediate objective. At least 50 per cent of the Iraqi population are Shia co-religionists and the ayatollahs in Tehran must be hoping that they will respond to an invasion by overthrowing President Saddam Hussein.

Although few tears would be shed in the Gulf over the demise of Mr Hussein, the prospect of close co-operation between Iraq and Iran under a fundamentalist banner is alarming. Their combined populations are around 50m and their oil reserves and export capacity rivals that of Saudi Arabia.

Iran has in the past months demonstrated its willingness to confront traditional Saudi authority within Opec. Its refusal to accept production limits is undermining Opec's recent efforts to operate as a true cartel and its vigorous price cutting may set off a further downward trend.

Sustain

The past 22 months of fighting in the Gulf have proved costly to Saudi Arabia and the other conservative Arab regimes in the region. They are having to sustain Iraq economically with payments now estimated to have reached $25-30bn. The hint of an Opec collapse and perhaps further diminution of Saudi Arabia's annual surpluses can only place extra strain on its capacity to act as a force for political moderation in the region.

The softening of crude oil prices must generally be welcomed, despite the problems this causes in some parts of the financial sector and for new energy projects. The underlying reason for this softening is the worldwide recession and lack of demand: but the prospect of these market adjustments being seriously dislocated by the unpredictable consequences of the Gulf War are much less reassuring.

Powerless

What is most striking about the drama unfolding in the Gulf is that, in contrast with the crisis in Lebanon, the outside world is virtually powerless to influence events. During the early months of the Gulf war, neither superpower saw an advantage to be gained by supporting one side or the other. Now the battle appears to have swung decisively in Iran's favour.

It may be too late for the West, even if it so wished, to stem the Ayatollah's immediate ambitions. For once, the Soviet Union and the U.S. are cast as frustrated spectators in an area of the world of critical interest to them both.

Labour plans for the future

MUCH OF the diagnosis of Britain's micro-economic ills contained in a joint Labour Party/TUC document published yesterday might almost have appeared in the literature of the Liberal-SDP Alliance without amendment. Among the targets singled out for attack are the concentration of industrial ownership and the lack of accountability of corporate power. Similarly the authors criticise the lack of openness in government in relation to the control of public expenditure and public corporations. And they argue powerfully that people on the shopfloor in industry are not being provided with a proper outlet for their imagination and creativity.

Response

When it comes to remedies, however, it is the atavistic streak in the Labour movement that comes out in the shape of a prescription for planning from top to bottom of the economy. The whole panoply is there: the old Department of Economic Affairs dressed up as a Department of Economic and Industrial Planning; an unregenerate Price Commission; planning agreements covering, among other things, industry import targets to fit in with protectionist policies; a National Investment Bank to work in tandem with a revamped National Enterprise Board, in large-scale public investment. How, one might ask, can all this material be so innocently recycled when the experience of planning in the UK has been so unrewarding and when planners in numerous other countries are having second thoughts?

The joint response of the Labour Party and the TUC is simple, if not ingenuous. The trouble with the George Brown DEA, runs the argument, is that it was not powerful enough within Whitehall to fulfil its mandate. As for planning agreements, they were not implemented in the Wilson-Callaghan period of 1974-79 because the civil servants did not believe in them. And while the report is right to point out that planning has been at the centre of economic management and industrial strategy in other OECD countries, its assertion that they are successful because they plan is more contentious and begs several questions.

Post-war France is a beguiling example of the apparent efficacy of planning. But planning was necessary in the first place because France's capital markets were relatively undeveloped after the war. Part of the success of the French planners arguably lay in the fact that they were seeking to replicate the market process rather than to run counter to it. Nor has France's more recent experience been without hitches. Much of the planning in the late 1960s and 1970s was designed to fight off the *défi Americain* by creating giant oligopolies; a more appropriate strategy might have been directed at the *défi Japonais*. At the micro level results were often unhappy.

Dangers

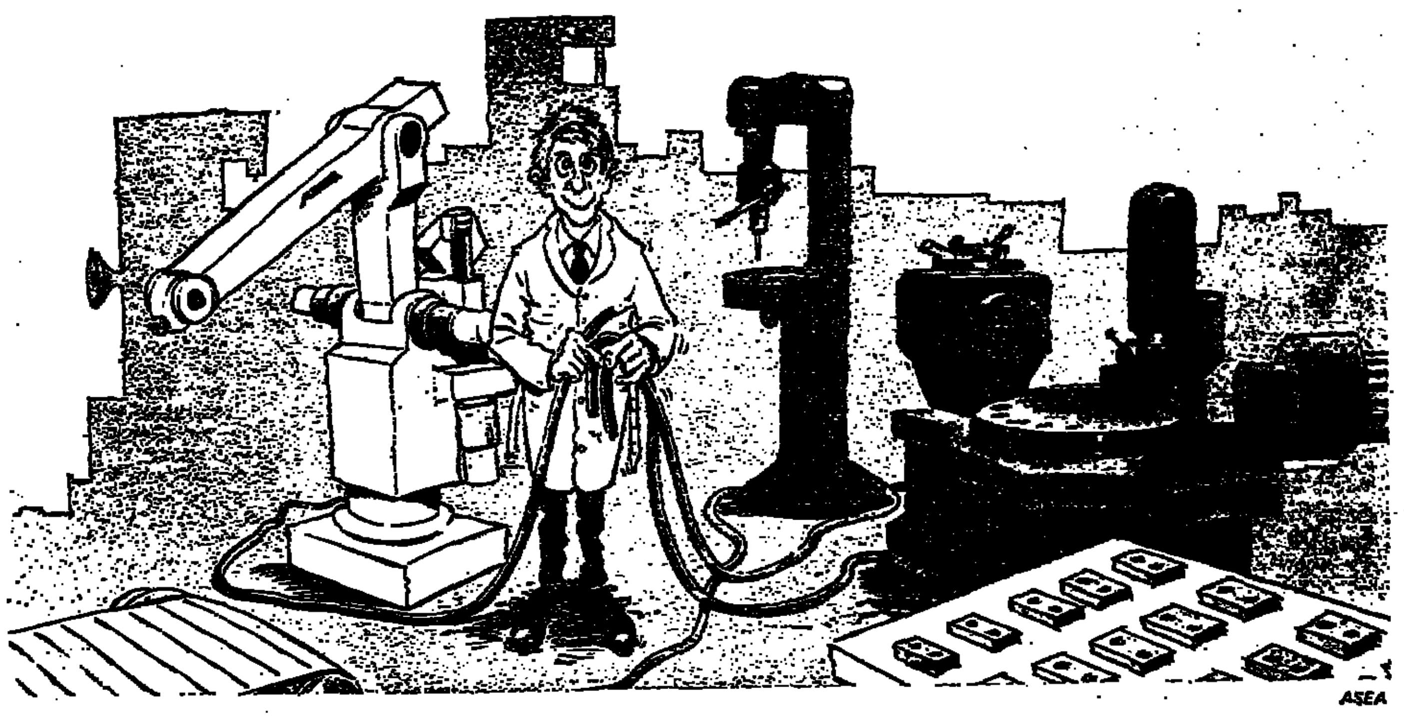
Japan is admittedly an overwhelmingly impressive example of successful indicative planning. But the lengthy process of consultation that proceeds action in Japanese industry is hardly a model for the British unless work practices are reformed to the point where Japanese-style productivity can confidently be assumed to follow the consultation.

To their credit, the authors of the document do acknowledge the dangers of over-centralised planning. But to the non-party faithful the suggestion that the bureaucratic planning mechanism envisaged here could be harnessed to industrial democracy operating through trade union channels will appear a less than plausible solution to Britain's problems. By all means let us have more openness in government, industry and the unions. But it is questionable whether a return to large-scale government financial patronage and corporatism can be compatible with any generally acceptable definition of democracy.

AUTOMATION IN INDUSTRY

The factory with no workers

By Alan Cane



THE ULTIMATE automated factory—one with no shopfloor workers—will have become a reality in the most advanced industrial countries within five years.

The prospect often brings predictable reactions in the West: management alternatively fearful of the necessary investment and anxious for new ways to cut overheads and unions glad to see the back of unpleasant tasks, but fearful for their members' jobs.

But in Sweden — where all the major components of such systems are already in operation — it is hard to find anyone in management, the unions, the government or research who views the prospect with anything other than equanimity.

Mr Sven-Erik Andersson, director of the Swedish Institute of Production Engineering Research is unequivocal: "The only real threat in new technology is the threat of your worst enemies using it."

Japan is generally acknowledged the world leader in manufacturing, but Sweden with only 8m people and a restricted local market is probably the most advanced user of the new technology.

It is European leader in the development of industrial robots and has installed more of them per head of population than any other country. During the 1970s, Sweden's stock of advanced computer controlled metal cutting machines rose 25 per cent annually. International comparisons are hard to draw accurately but Sweden is well placed to be first with the "unmanned factory," the "factory of the future."

Such a factory would be driven from the order book—an order stored in the main computer would generate plans from the computerised drawing office and instructions for robot trucks to remove raw materials from store.

Robots and conveyors would bring the raw steel ingots to flexible manufacturing "cells" where teams of machine tools serviced by robots would finish the entire part. Robots would remove pressings from moulds and assemble, weld and paint the finished product before despatching it to automated assembly lines.

The aim is to get the same efficiency in small batch production (which constitutes some 70 per cent of manufacturing industry worldwide at present) as is possible with dedicated production lines.

Factories world-wide are already changing out of all recognition. Computer-controlled machine tools and robots are commonplace and nowhere more so than in the giant Volvo factories in southern Sweden.

These factories are eerily quiet; it is easy to hold a conversation. At Volvo's transmission plant at Köping, it is possible to see all the evolutionary stages in the development of the automated factory.

An ASEA robot delicately deburs (trims) a gear box part, completely replacing human intervention in what was a time-consuming but comparatively unskilled job.

An Electrolux robot supervises as three machines grind, weld and assemble part of a gear train, moving the parts automatically from machine to machine. This is mid-1970s technology, extremely automated but not very flexible.

Elsewhere a robot arm moves synchronously in and out of a hardening furnace; photographs on the wall record that job used to be done by a woman who moved 350 kilogrammes of hot steel an hour.

In the most modern part of the factory, five computer controlled machine tools work simultaneously on gearbox parts, while a single Unimation Puma robot ensures that the parts are passed from one machine to another in the right order. Giant Swedturn lathes fitted with computer controlled parts changers run continuously. One man looks after three, four, five, machines: four continue running while he maintains and adjusts the fifth.

The advantages? Volvo claims that it has been able to cut its inventory by 30 per cent, using automation. It has also been able to save a similar percentage on working capital. Its saving in interest charges alone totals SKr 900m (£90m).

The Swedish Government has been actively promoting the use of new manufacturing technology, reflected in the fact that some 60 per cent of the companies which could make sensible use of industrial robots are now doing so: in one case study, it demonstrated that a Swedish company which invested in a robot line for parts manufacturing was able to run on six operators as opposed to 28 on a conventional line.

Lead time was cut from four *weeks* to four *minutes*; pay-off time on the investment costs of SKr 8.5m was just 18 months.

Swedish success in moving smoothly towards "limited manpower production" seems to be based on two critical arguments:

● Technology is important, but not as important as good manufacturing management.
● Good industrial relations are the key to progress.

The essence of the Swedish (and Japanese) approach is that driving the most sophisticated machinery hard is less effective than using adequate machinery kept running 24 hours a day.

The Americans and Germans, on the other hand, exhibit production machismo, pushing their technology and their machines to the limit. Mr Frank Curtin, group vice-president, machine tools for Cincinnati Milacron, one of the most advanced U.S. companies agrees: "Given our manufacturing tradition there is not a shop in the U.S. that does not beat the hell out of its machines. But as we move to flexible manufacturing, we will adopt a more reasonable rate of production."

Mr Sven-Erik Svanström, managing director of SMT-Pullmax, a leading Swedish lathe manufacturer points out: "In Sweden we recognise the need to run our capital intensive machinery for the second and third shift, but it is difficult to get people to work the third shift—for social reasons and because of the high marginal rate of tax."

German figures show, in fact, that conventional machine tools used for one shift only are in effective production for only 6 per cent of the theoretical maximum time available.

Put in numerical control and the ability to machine more than one part at once and you pull back 2 per cent. Automatic parts and tool changing gives a further 6 per cent.

But connect the machines to the stores and use automatic production methods over three shifts and up to 77 per cent of the theoretical maximum production time can be obtained.

Mr Christopher Brotchie, managing director of SMT-Pullmax in the UK, has been preaching this gospel at seminars throughout Britain. The invariable response, he says, is: "It all sounds marvellous, but I'd never get it past my shop floor convenor."

The problem hardly arises in Sweden. Mr Mats Jönsson of the Swedish Metalworkers' Union, says: "We agree with management on making the loaf as large as possible, even if we do not agree with the distribution of the loaf."

A recent policy paper from the Metalworkers' Union argues: "Investments in new technology must increase . . . there is a risk that Swedish companies from other countries if they cannot meet the competition cannot keep up with the technical development."

The unions see computerisation putting better tools in the hands of skilled workers; they see dirty, dangerous and tedious tasks given over to robots while shopfloor workers take over the roles of strategist and planner (easier, this, in a small country were everybody has at least 12 years' schooling and 60 per cent of the adult population are involved in some form of mature studies). Mr Lennart Olofsson, national officer of the Metalworkers Union, points out that co-determination between management and workers has both legal force and popular support.

Union-management co-operation has a long history in Sweden. The two sides first drew up a codetermination agreement in 1938, which was extended to more advanced kinds of manufacturing equipment two months ago.

But when an Industry Ministry committee under Mr Jan Carlsson looking at robotics and computer-aided manufacturing in Sweden recommended funds for research rather than direct funds for industry, the unions demurred.

In a note dissenting from the main report they argued for greater direct incentives for manufacturers after the style of the Japanese MITI. Mr Carlsson has not changed his views: "We discussed direct investment grants and we rejected them. If we give small companies money to automate, we will distort the market."

Mr Andersson, of the production engineering research institute, agrees: "The problem is not to find the money for tooling but good ideas for products."

Larger countries with deeply embedded industrial relations problems and manpower difficulties may be able to learn only a limited amount from tiny, educated, flexible Sweden. But the key lesson has to be this: the fable of the tortoise and the hare applies to automated manufacturing industry. Slow, sure and continuous production methods will win where the fast and flashy run the risk of burning out.

This Friday, the FT publishes a major survey of the new manufacturing technology.

Mr Grimaldi's Swedish showpiece

"I DO not install automatic *machinery to put people out* of work," runs a Swedish newspaper headline over an article about Salvatore Grimaldi, subcontracting machine shop owner and a wonder of Swedish industry.

Brought to Sweden by his parents at the age of nine, Mr Grimaldi, now 37, established *his metal grinding business* with a single machine tool in his garage. By 1978, he had 12 employees and a turnover of about SKr 3m (about £300,000).

Then he bought a bankrupt factory, installed six computer-controlled machine tools, computer parts changers and robots at a cost over several years of SKr 10m (£1m).

Now he has 300 customers from all over Sweden, includ*ing the major car manufac*turers Saab and Volvo. He delivers to Volvo every day.

He is looking for more work in Germany and Switzerland to occupy his 35 employees. Turnover in 1981 was about SKr 15m and he expects to turn over some SKr 17-20m this year. Turnover per shop floor worker is about £350,000 a man compared with Swedish averages of about £200,000 (cost of materials is excluded).

Profitability has not risen so dramatically because of the cost of servicing leasing contracts with the machine tool manufacturers and bank loans but Mr Grimaldi is clearly comfortably off.

Mr Grimaldi's machine shop is clean, spacious and quiet. *Conventional and computer*-controlled tools sit side by side with massive Swedturn 12 CNC lathes with computer controlled loading and *unloading*.

Grimaldi's works three shifts a day—but on the night shift several of the machines run unattended. It *can make a profit now on a* batch of as few as 25 parts.

Mr Grimaldi remains optimistic. He is planning a totally automated system *where the customer will tell* a central computer what he wants, the computer will control the machining process and the computer will then *ring the customer to say the* parts are ready: "We will have this in five years" he says cheerfully.

Mr Salvatore Grimaldi

Men & Matters

Hard reading

Having managed to contain the loss on nationalised steelmaking to £358m in the past year compared with £668m the year before British Steel does not seem anxious to give publicity to the minutiae of its business dealings.

The corporation's new report and accounts *published* yesterday possesses the quality and style of the parish magazine on an off-day when the Vicar has had to work the duplicator himself.

I am not suggesting the hard-working Ian MacGregor, BSC chairman, actually churned out the copies himself, working overtime to turn the handle somewhere in the basement of British Steel's new economy headquarters in Lambeth. But it certainly looks like it.

The report is unrelieved by so much as a *photograph* or a graph. The pages degenerate into type so small that magnifying glass is needed for any rewarding study.

Copies of the report can be had for £1. Not one of the week's best buys.

Back home

More than usual satisfaction for Lazard Brothers director David Gemmill in the signing yesterday of the £134m financing package he put together for Babcock Power's contract for the Wankie power station in Zimbabwe.

Gemmill was born and brought up in the country—and returned there to qualify as a chartered accountant with Coopers and Lybrand after taking a law degree at Oxford. He joined Lazard's, where he is now head of the international division, in 1967.

Terms of the package—the biggest so far arranged for any project in Zimbabwe—helped Babcock swing the deal against stiff competition from France and Czechoslovakia. Gemmill first started working on the funding arrangement which involves 11 banks as well as the ECGD, in October, 1980.

Though the contract was only signed in London yesterday, work in fact started on the project in January. When completed, it should make Zimbabwe self-sufficient in electricity. At present 40 per cent of its supplies are imported from Zambia.

Foot fault

Sir Ian Gilmour, honorary colonel of the Tory wets and former Lord Privy Seal, was unable to join the march through the Commons lobby last night of other Tory backbench rebels against the cut in unemployment pay.

But not, as I reported, because of gout. A story to that effect had spread at West*minster, he tells me. But he has* never had gout. He is recovering from an operation on his foot.

Sunspot

Sunshine statistics are so vital in the tourist trade that resorts go to considerable trouble to ensure that every minute is recorded. Even a moment or two in the shade is enough to lose several places in the league table.

Guernsey realised this in 1966 when it found that it was consistently falling behind neighbouring Jersey, which had three recording stations, while Guernsey's only weather station was sited at its notoriously mist and fog-prone airport.

By good fortune, one of the Guernsey Tourist Committee's staff, Jimmy Janes, happened to be a trained met observer—and, even better, lived in the sunniest part of the island at L'Ancresse.

Since Guernsey opened its second sunshine station in Janes's garden, it has frequently outshone Jersey and has topped the British resorts' sunshine league 11 times.

The only snag is that Janes's tourism duties often take him out of the island and then there is no-one to report Guernsey's sunshine figures for the next day's national newspapers.

Moves are now afoot to transfer the second weather station from Janes's garden to St Peter Port's leisure centre — where observers reckon the sun shines steadily enough to maintain Guernsey's 1981 place at *the head of the British resorts.*

Forced sale

Recent events have not diminished Mrs Thatcher's appetite for probing for cash leaks in the rickety hull of the ship of state.

She is particularly intrigued by the men of property whose activities on behalf of the state have been encouraged by successive governments. After a long look at the Commission for New Towns with £500m of property assets tucked in its belt she made industrialist Sir Neil Shields its chairman in April—and also gave him instructions to kill it off decently but quickly.

Now one of Britain's oldest chartered surveying partnerships, Drivers Jonas of St James's (established 1725), is being tipped in property circles as the certain choice to dispose of existing assets of the English Industrial Estates Corporation.

Industry Secretary Patrick Jenkin, the PM's auctioneer in this affair, has made it clear that the corporation will be required to make every effort *to* reduce its costs by disposing of existing assets. In return, the government will support its plans to spend a further £34m in the assisted areas *on new* factories and warehouses with the potential for 4,000 jobs. He is looking for a marketing-oriented approach, he has said.

Drivers Jonas *may* be among the oldest in the business. But they are by no means senile, judging by their record with the Bracknell New Town. The responsibility for disposing of Bracknell's property assets was switched recently to the partnership from another professional firm. Whitehall is said to like the way that the job is being done.

Quid pro quo

If A*rthur Scargill is not brought* down by a straight left from Energy Minister Nigel Lawson or a flying tackle from the coal board he may, nevertheless, be vulnerable to that sharpest of offensive weapons, the well modulated Latin tag.

Among the accomplishments of Michael Quinlan, at 51 the youngest permanent secretary that the Department of Employment has had for many a year, is his command of Latin. His abilities as a translator are highly respected in scholarly circles.

George Bull, editor of The Director, himself a formidable translator of the Italian classics, sought Quinlan's help to translate the Latin portions of Georgio Vasari's 16th Century work Lives of the Artists. Quinlan and Bull had been schoolboys at Wimbledon College and went on to Oxford together.

Since they collaborated, Lives of the Artists, published in English by Penguin Classics, has sold well and is a standard reference work for art historians.

The book, says Bull, owes a great debt to Quinlan's polished translations of epithets and epigrams into good English.

Should Scargill see himself as a Caesar destined to divide Britain into three—or more—parts he must expect a ready response from Quinlan.

Observer

BANKING IN TURKEY

A cautionary tale for our times

By David Tonge and Metin Munir

"Dear Sir,

"I am writing not to ask for a higher interest on my savings, but in the hope that you will intervene to bring an end to this comedy. I have been to three of your bank's branches today and at each one of them I was offered a higher interest rate. What is going on?"

THE LETTER was addressed to the director of one of Turkey's largest commercial banks who read it to visitors last month when it was already an open secret that the country's financial system was heading for a crisis.

Since then the country's biggest money broker, Banker Kastelli, has collapsed. There was panic among the 220,000 investors with whom it had placed bonds, bank certificates of deposit, and promissory notes. A major run on the banks has only been halted by the Government guaranteeing their survival and paying out TL 27bn (£92m) to prop up the banking system and prevent some of the smaller banks from going under.

The Government has issued an arrest warrant for Mr Cevher Ozden, the head of Banker Kastelli, and he, from the relative safety of Switzerland, has issued statements proclaiming his innocence.

With the passing of time a semblance of calm has been restored. But this *cause celèbre* has brought into the open the price the country's banks and firms are paying for the past four years of recession. It has also rocked the military authorities on their heels and is forcing them to rewrite the present, skimpy rules governing how the country's banks and money markets operate.

"Kastelli creates worlds," reads the advertisements with which Mr Ozden plastered the fields, streets and television screens of Turkey—and by any standards he was a phenomenon.

Visitors to his office next to the run-down station of Sirkeci in Istanbul—where in grander days the Orient Express finished its journey—would find him dispensing smiles to those around him and shouting down the telephone in rapid alternation. Silver haired, diamond ringed and never speaking in less than a bellow, he first shocked Istanbul society and then had it clamouring to buy the paper which he floated. In the past four years he raised the equivalent of £350m from the public in Turkey and a further £12m from Turks in West Germany.

Mr Cevher Ozden: the Government turned him down.

Nearly all the country's large industrial groups, including the biggest, Koc and Sabanci whose activities range from car manufacture to margarine production, used his services to sell industrial bonds. Having merely had to pay a £4 registration fee to be officially registered, he sold some TL20bn (£70m) of industrial bonds. But his turnover began to soar when he started placing CDs for smaller banks having trouble in attracting depositors. In the past year he was responsible for marketing around TL80bn of the TL200bn worth of CDs now outstanding.

His problems started when banks proved unable to meet maturing certificates and his clients began to call on his guarantee. With much of his own personal money locked into valuable building sites, loans to sometimes ailing industries and a yacht, he had to turn to the Government. And this turned him down.

Last winter Mr Ozden had ridden out a similar crisis when a number of smaller "bankers"—as the money brokers and money lenders misleadingly call themselves in Turkey—went bankrupt. One investor committed a much publicised suicide, one "banker" followed suit by jumping off the Bosphorus Bridge and another murdered an irate depositor.

Mr Ozden's success came because he seemed to offer Turks a hedge against the inflation and stagnation which has beset their country in recent years.

Middle-class Turks, often unable to live on their eroded salaries or pensions, would sell jewellery or property to earn the 50 per cent or more offered by the "bankers."

Equally, industrialists, their capital base eaten into by inflation and their markets reduced by the past four years' depression, sorely needed fresh funds. Many were being charged up to 60 per cent on their loans and found interest payments accounting for as much as 50 per cent of monthly operating costs.

As time went by the problems of industry progressively squeezed the banks. In the absence of official controls and outside auditing, many banks simply wrote in accrued interest as new debt.

To prevent the drying up of their liquidity the real banks had to compete against the "bankers." On paper they performed well. Deposits rose markedly, by 107 per cent last year, while inflation was 37 per cent. But even the officials theoretically responsible for controlling the banks openly admitted that such figures meant little. Equally, few people believed that the profits of the banks rose 124 per cent in 1981, as they reported. By western standards only a few of the larger banks appear to have made profits.

This escalation in interest rates started in 1980 when Mr Turgut Ozal, the Deputy Prime Minister, freed the banks to fix deposit and lending rates; previously these rates had been fixed by the authorities.

His aim was to mobilise savings by allowing real returns to accrue to depositors instead of discouraging them by keeping interest rates up to 80 percentage points below the inflation rate.

The move was recommended by the International Monetary Fund and lauded by the Paris-based Organisation for Economic Co-operation and Development, both of which support Turkey's economic stabilisation programme.

The move led to a dramatic upsurge in time deposits—by 263 per cent in 1981. But the increase was accompanied by a cut-throat competition for new funds to meet the cost of servicing old ones. "We tried a gentlemen's agreement to fix interest rates, but unfortunately some of us were not gentlemen," one bank executive says today.

Complicating this situation was the way that almost all Turkey's 24 private commercial banks are controlled by families which also have industrial holding companies. Bank managers, often young and inexperienced, found it hard to refuse the banks' owners' demands for loans to prop up troubled firms.

The scale of debt could be huge. Last winter Guney Sanayi, one of Turkey's largest textile firms, had a massive injection of funds from the state agricultural bank when the Government decided it could not afford to let it go under. That only postponed the problem. Two weeks ago Guney sent its 5,150 staff on unpaid holiday. Estimates of its needs range up to TL 10bn and Kastelli was one of the organisations to which it owes money.

The Government had long been warned of the unhealthy nature of the system, but in private would sometimes argue that the collapse of a small bank would "encourage" the others and cause depositors to look more carefully at the risks they ran.

However, it was caught by surprise by the scale of the crisis which erupted last month. It had to put tanks around the offices of Banker Kastelli to keep away the broker's clients.

One effect of the crisis has been to cast doubt on the Government's ability to bring inflation this year down to the target level of 25-30 per cent; in 1980 consumer prices rose by 94 per cent and in 1981 by 38 per cent. The surge in advances to the banks could fuel inflationary pressures; in the five weeks around the crisis the central bank pumped TL 52bn (£183m) into the system, increasing the monetary base by 13 per cent. This raises the possibility of the Government clashing with the IMF over the limits agreed for domestic credit. This could effect disbursements under the $1.65bn three-year IMF stand-by agreement of June 1980.

More important, however, is the effect the crisis may have on the future structure of both banks and industry. The Government has floated the idea of forcing 15 of the smaller banks to merge, though this has caused one bank general manager to say: "Merging four badly managed banks will only create a large badly managed bank." It is also being pressed to introduce compulsory outside auditing and to limit the extent banks can deal with their major corporate shareholders. There are also attempts by the World Bank and OECD consortium for Turkey to encourage the Government to introduce the legislation needed to encourage the development of formal capital markets—a move which has been urged for at least 15 years.

In the end, however, the Government has to face a Hobson's choice. If it insists on proper financial practices by the banks it will oblige these to force industrialists to meet their loan payments—pushing some into bankruptcy and reflecting poorly on the 30-month old stabilisation programme of Mr Turgut Ozal, now the generals' deputy price minister responsible for economic affairs.

Yet, if it does not tighten up on banks' practices it could find last winter's and last week's crises being followed by a third panic.

Social Affairs

The unemployed have a case for more 'pay'

By Ian Hargreaves

YESTERDAY'S planned revolt by Tory backbenchers over the Government's refusal to make good a 5 per cent cut in unemployment benefit was prett timid stuff by the factional standards of the Labour Party but it was the most determined piece of internal dissent Mrs Thatcher has suffered.

The rebellion, the third on the subject this year, is a reed of Tory conscience against a gale of unconcern at our steadily deteriorating treatment of the unemployed.

Mrs Thatcher has aimed two blows at the benefit system for those out of work. As an economy measure in 1980, she abolished the earnings-related supplement to unemployment benefit, which boosted the income of about a quarter of claimants, and she has also delivered on her election pledge to tax unemployment benefit.

The 5 per cent cut was made almost two years ago as an interim measure, pending the taxation of benefits. Yesterday's revolt was a protest at the Goverment's refusal to deliver the *quid pro quo*.

These measures, however, are only the controlled part of the experiment. The process, whose chemistry was well advanced before Mrs Thatcher came to power, has involved a long-term erosion of the level of unemployment benefits, which have been sliding steeply as a proportion of average earnings since the late 1960s.

The other element in the reaction has been the gradual switch, without public debate or any conscious act of policy, from a primarily contributions-based, insurance-type system of unemployment benefit to a means-tested arrangement within the general Supplementary Benefit system.

These two types of protection have always run side by side, since contribution-based benefits are bound to exclude those who lack the necessary record of contributions.

Today, however, because of the large number of contribution-less young people out of work and because of an equally large number of adults whose unemployment benefit has run out (the maximum period of entitlement is one year) the loophole has become a black hole of undeterminable size. But it is probable that about 60 per cent of unemployed claimants are now dependent wholly or in part upon supplementary benefit.

In one sense, this does not matter. Basic rates of supplementary benefit and unemployment benefit (£23.25 and £22.50 per week respectively for a single person) are almost identical. Why should an unemployed person bother when, at the end of the year on the dole—over 1m people are now in this position—he transfers to the SB system?

The old argument was that a means-tested benefit was associated with financial destitution and therefore unsuitable for the honourable victims of recession, or in the modern case for the cannon fodder in the fight against inflation.

The solution may be a unified tax and benefits system —a single means test for us all

It is hard to say how much, if any, difference exists in the relative levels of stigma today. But it is officially reckoned that 26 per cent of those entitled do not draw supplementary benefit, although this may well have more to do with special factors (such as parents who discourage their student children from claiming), and the complexity of the system than with stigma.

The fact that SB is a means-tested benefit increases the likelihood that recipients will be caught in the meshes of the poverty trap if their households find ways of increasing their income. The transfer from unemployment benefit to SB also involves restrictive rules, like the one which disbars you from SB if you possess "capital" of £2,000.

One of the reasons why we are in this muddle is the old bogey of scroungers and frauds, although you would think that in present conditions arguments about the "work-shy" would clang with dramatic irony.

A related and more serious argument against restructuring and raising the wages of the unemployed was vented recently by the CBI in its evidence to a Commons select committee. It was argued that benefits must be kept in check, or else when the upturn comes, employers will have to raise wages to lure people from the dole queue.

The evidence against this analysis, apart from the intuitive one, is convincing. A recent Department of Employment survey showed that, in a sample of the unemployed, almost half got less than half the amount in benefits they had received when in work. Only 6 per cent — primarily those with families entitled to a range of means-tested benefits which are often not claimed by those in work — received more in benefit.

There is, then a strong social and moral case for paying the unemployed more. The problem is, can we afford it?

It may well be, as an SDP green paper on poverty will shortly argue, that in the long run we must move towards a unified tax and benefits system which will subject us all to a single means test in the interests of targetting assistance to the most needy.

But for the duration of the present crisis, the issue is much simpler. Should we, as numerous groups, including the Government's Social Security Advisory Committee, have argued, raise living standards for the long-term unemployed by allowing them, like any other SB claimants to transfer after one year of benefit to the higher SB scale rate—currently £29.60 a week.

It would cost £350-£400m a year to extend this provision to the unemployed, although it would cost only £85m if just the 170,000 claimants with dependent children were eligible.

Neither of these sums appears large, set against either the £15bn a year that a Lords Select Committee recently estimated as the Exchequer cost of unemployment or the £2.9bn SB cost in 1980-81.

Nor are the sums too weighty in comparison with the £650m a year the Treasury expects to recoup by taxing unemployment benefits. On that figure, the Government could go the whole hog on long-term benefits and still show a profit.

Letters to the Editor

A place for entrepreneurs

From Mr K. E. Groves

Sir,—Your article on Tuesday July 6 regarding the difficulty that Mr Jack Melchor of the Anglo-American Fund has had in finding good entrepreneurs in the North of England should surely come as no surprise to anyone. By definition a "good entrepreneur" would put himself in the right place to take *full advantage of every facility* that might be available and that would be far more likely to be in the South of England. I doubt if Mr Melchor would spend too much time in Alaska hunting for entrepreneurs and it is obviously highly significant that he operates so successfully in California.

It is good news that there is the possibility that a £10m private UK fund is to be launched this year and I can assure Mr Melchor that he will find the incidence of the types he is seeking far higher in the South-East even stretching as far as our part of the South Coast. If it did not sound presumptuous on our part it might be claimed that our organisation qualified as being run by entrepreneurs and in consequence we might well try our luck and hope that our experience is better than has hitherto been the case with the British financial institutions. The chances of the Inland Revenue changing their attitude to help rapid growth small companies is, I fear too much to *expect, at least* in the foreseeable future.

Finally I would like to emphasise that my remarks regarding the North of England relate only to forming and running an entrepreneurial company and in no way should be interpreted as denigrating a most charming and lovely part of England spoilt only by a number of black spots, the heritage of leading the original Industrial Revolution in the 19th century.

K. E. Groves.
Chairman.
Supavision,
Abbey Mill,
Bishops Waltham,
Southampton.

Unfair to the North

From Mr R. B. Smith

Sir,—In reply to Jack Melchor of Anglo American and his comments relating to Venture Capital Funding.

As a businessman in this area I take great exception to his comments, and the way in general we Northerners are treated by his type of organisation.

Saying that there are no entrepreneurs in the North West is a direct insult to the small businessmen in this area who, through one of the worst recessions in history, have managed to struggle through making ends meet and even expanding and launching new ventures with little or no assistance from the faceless organisations who claim to be able to assist the capital-hungry businesses of the future.

There is plenty of assistance for the small businessman in the form of advice, sometimes very constructive and useful, but that does not pay for the development of new products nor pay the wages bill.

The North West pioneered innovation and probably even invented entrepreneurs. The industrial revolution itself gave birth to a new breed of engineers and inventors whose descendants are probably scattered worldwide giving away our technical heritage all because the men behind the hub of industrial finance just don't understand people and the true meaning of the word "risk."

The financiers of this world could never be entrepreneurs simply because the finance they use is usually someone else's, and in turn the businessman who sells more than controlling interest ceases to be for the same reasons. The best ideas seem to be stifled at birth because the inventor puts all his efforts into trying to prove to the financiers that his idea is viable. Most remain just that, "an idea," until the inventor has produced at his own expense a prototype product.

If his friendly bank manager will step out of his cupboard then he may be able to take it a little further, but, if not, he is faced with an application to one or many of the now numerous finance establishments set up to cope with this very situation, only to find that the first requirements are to prepare a business plan and to indicate to quote:—

(a) Details of Company Activity
(b) Details of Shareholdings and Management Accounts
(c) Personnel involved including their qualifications and experience
(d) Potential sales volumes and an indication of competition
(e) Sales forecasts, Cash-flow projections and potential profitability over a three-year period.

On one occasion I was told during a meeting in Manchester: "Your idea will be better sold to the Japanese."

After months of frustration and time-wasting I am now firmly of the opinion that unless a business plan is presented by a professional who can understand the thinking of these highly-educated faceless funders, then it is doomed to failure, and the poor guy at the sharp end is left feeling like a would-be father awaiting a birth, only to be informed by a voice at the end of the hospital 'phone: "Sorry, stillborn."

R. B. Smith.
Speedyplain,
120, Marsh Lane,
Longton, Preston.

Who should know what is best

From Prof D. R. Myddleton

Sir,—Lex says that unadjusted historical cost accounting assumes that "a pound is a pound." But so does CCA. The Sandilands Committee (incredibly) claimed (para. 205) that the pound satisfied the criterion that the unit of account "should not change from year to year."

In contrast, CPP is explicitly based on the idea that where money is concerned, in times of rapid inflation "the past is another country." Hence CPP is a genuine system of inflation accounting, while CCA (as SSAP 16 admits) is not.

Lex wonders whether "reactionary accountants" are the best people to design their own working practices. Perhaps he has forgotten where CCA came from. It was a government committee which recommended CCA. The accountancy bodies themselves had earlier proposed CPP, which the government didn't like. It was the government which instructed the accountancy bodies to implement a CCA system.

Surely the proper question for Lex to ask is this. Is the government (which is responsible for so debasing the currency that the pound has lost more than 80 per cent of its purchasing power since 1967) the appropriate body to decide on the best method of inflation accounting? Or should this task be left to independent professional accountants whose main aim (unlike politicians) is to present a true and fair view of financial affairs?

D. R. Myddleton.
Cranfield School of Management,
Cranfield, Bedford.

A matter of persuasion

From Mr R. N. Philipson-Stow.

Sir,—It is to be hoped that members of the Institute of Chartered Accountants, still to vote in the great debate, will assert the independence of mind upon which their professional reputation is based and ignore the hectoring presently coming their way from the supporters of the current cost convention.

Unfortunately one of our national weaknesses is an excessive deference to the views of the establishment, which too often are very narrowly conceived. It is symptomatic of this that the advocates of CCA should regard themselves as having a superior judgment of the nature of reality which enables them to berate their opponents with a "lack of responsibility."

The crucial factor in this controversy has, in fact, nothing to do with whether the one accounting system is more appropriate than the other since they are so different in concept. Still less is it to do with whether accountants are making themselves look "silly" by holding their poll. What it's all about is the validity of insisting upon the use of accounting techniques which clearly command only limited support. Intellectual persuasion (sadly lacking here so far) might well increase that support. The attitude of a headmaster addressing his lower remove never will—it's merely rather insulting.

R. N. Philipson-Stow,
Henderson Crosthwaite and Co.,
194-200 Bishopsgate, EC2.

Frustrated customers

From Mr A. R. Dingwall

Sir,—Brian Groom's article on the costs of a cashless future omits mention of one very relevant point of the present and that is the reliability of the cash dispensers already installed by some of the banks.

To emphasise my point your photograph shows a suitably bemused NatWest customer engaged in what has become a quite regular gamble at the branch I use in Oxford Street, London.

The bank advertises the Servicetill as "working when you don't" but in my experience the reverse is frequently the case. Their claim that their service tills operate "24 hours a day every day" is futuristic.

Perhaps the banks and the manufacturers of the dispensing machines would care to advance some statistics on the reliability of a cross section of these machines over a seven day period. I have no doubt some of your readers would care to do likewise.

A. R. Dingwall.
31, Fremantle Road,
High Wycombe, Bucks

UK COMPANY NEWS

Blundell-Permoglaze makes £1.4m cash call

PAINTS GROUP Blundell-Permoglaze Holdings is seeking to raise £1.46m by way of a two-for-nine rights issue of 25p shares at 103p each. The new money, amounting to some £1.38m net of expenses, is intended to fund expansion which is expected to involve both overseas manufacture and further specialised products in the UK.

The issue was announced yesterday along with the company's results for the half year to April 30, 1982 which showed pre-tax profits up from £312,907 to £47,391 on sales of £13.24m, against £10.69m.

Mr Robert White, the chairman, says there was some volume increase and margins improved slightly during the six months.

He adds that there are signs of slow recovery from recession, but it is too early to be certain about results for the full year. With eight months of the year completed, he expects pre-tax profits to be similar to last year's figure of £2.08m.

The interim dividend is being maintained at 1.6p net, and the board intends to recommend a final of 4.4p net compared with 4p per share last year.

Earnings per ordinary share in the half year are shown as 4.7p, compared with 2.2p last time. Tax took £175,000 (£170,000).

Net profit rose from £142,907 to £202,391, and minority interests, absent last time, amounted to £4,010, leaving £297,553 attributable to ordinary shareholders, as against £142,079.

The rights involves the issue of 1,415,389 new ordinary shares and has been underwritten by Morgan Grenfell. The brokers to the issue are Grenfell and Colegrave.

The new shares will not rank for the interim dividend, to be paid on October 1. Dealings in the new shares, nil paid, are expected to begin on July 15.

Pending the application of the proceeds of the issue, they will be invested in short dated securities or placed on deposit.

● comment

In broad terms, Blundell Permoglaze's attainment of a 52 per cent increase in pre-tax profits in the seasonally less significant first half, shows the advantages of being ahead of the game on price increases while sustaining only marginally greater raw material costs. In the January to June period decorative paints, which represent about 70 per cent of business has also seen volume increases. The intention to lift the final dividend by 10 per cent, however looks more to a good 1983, than any significant profit advance in the current year, with the absence of about £250,000 in profits which came last year from an "exceptional" Middle East contract. The most significant application of the fund that Blundell—Permoglaze is raising with its rights issue is likely to be the acquisition of a German manufacturing base, which the company regards as essential if it to have a presence in that market. However Blundell does not seem yet to have its eyes fixed on one particular company, and, with capital gearing only around 23 per cent, there may be other reasons for the issue. The shares have moved ahead sharply since ICI's February 1 bid for Holden, and Blundell's own full year results, and reached an all time high of 125p on Monday. After the news of the rights issue the shares, on a dull day generally, shed 5p to 123p. Taking the chairman at his cautious word, that full year profits will be similar to last year's, this puts the shares on an undemanding prospective, ex-rights, P/E of around 8, yielding 7.3 per cent.

EMAP ahead of last year's result

MR FRANK ROGERS, chairman of East Midland Allied Press, told the annual meeting that profit to date for this year was in excess of last year's result and that advertising in local newspapers was showing a modest increase in volume terms on last year.

He pointed out that although this contribution makes up only a small part of total advertising, it was particularly pleasing that employment advertising shows an improvement over last year.

The chairman revealed that the new business and computer publications division had acquired two further publications since the end of the financial year—Cad-Cam International, a monthly magazine covering computer-aided design and manufacture and Network, a bi-monthly publication for computer users.

Mr Rogers said Popular Motoring had been sol dto IPC and New Sounds, New Styles had ceased publication with the July issue. Smash Hits had achieved a new sales record of 282,000 copies.

He added that the group had secured the return of En Route to the litho company and an additional contract to print an Arabic magazine. Since April Readwell had acquired four new businesses and was continuing to look for further opportunities, the chairman said.

He told the meeting that revenue being earned by travel agencies had fallen, due to the numerous special offers being made by tour operators, and this has lowered Abbeygate Travels' income at the start of the year.

However, building work at Woodston, Park Road, Peterborough and Bury St Edmunds was progressing satisfactorily.

Mr Rogers concluded that the new press hall extension and reel store were almost complete and that installation of the new press was scheduled to start towards the end of the calendar year.

Mitchell Somers soars to £2.2m

PRE-TAX profits of Mitchell Somers, engineer and forgemaster, rose sharply from £488,000 to £2.23m for the 12 months to April 3 1982 on turnover £8.27m ahead at £38.2m.

Stated earnings per 10p share jumped from 2.9p to 9.8p and a final dividend of 1.75p raises the net total by 2.25p to 3.25p.

At the trading level, profits emerged at £2.82m (£1.19m) from which interest of £590,000 (£700,000) was deducted. Tax paid soared by £670,000 to £695,000. There were extraordinary debits last time of £271,000.

Assets per share are given as 99p (92p).

The group made good progress in the first six months and advanced even more sharply in the second half when taxable profits of £1.38m were made.

On a CCA basis attributable profits for the full year totalled £222,000 (£188,000 loss).

● comment

The market showed little surprise at the four and a half times increase in pre-tax profits at Mitchell Somers. The rise in the share price from a year's low of 39p to 52p had discounted such a recovery. Turnover was up 28 per cent although Somers is working at only half capacity. Last year's drastic surgery on Wolverhampton Die Castings has led to the division returning to profit but any supplier to the motor industry is in for a difficult time. Somers has moved away from supplying British Leyland to a wider customer base but the main area of improvement has been in crankshaft exports to the United States. The company has become an attractive second source supplier in the U.S. The dollar appreciation chipped in £600,000 to pre-tax profits. The only other area of growth has been Tritube's valves and pipes distribution to the petrochemical industry. However, the underlying position with the rest of the engineering business has not improved and the company is suffering from customer uncertainty. Capital gearing fell from 30 per cent to 20 per cent. The share price closed at 53p, up 1p, and yields 9 per cent.

Philip Harris little changed at £678,000

Little changed pre-tax profits were shown by Philip Harris (Holdings), maker of scientific apparatus, for the year to March 31 1982. The surplus edged ahead from £667,887 to £678,994 on turnover which rose from £16.46m to £18.53m.

At half time profits slipped slightly from £274,310 to £240,362, and the directors said educational cutbacks were affecting the science educational companies and competition on the medical side remained fierce.

Although full year earnings per 20p share were given as falling from 26.63p to 19.35p, the dividend is being raised from 6.2p net to 6.5p with a higher final of 5.05p.

There was a charge for tax of £55,351 against a previous credit of £188,476, but after an extraordinary credit this time of £628,677 attributable earnings emerged higher at £1.25m (£856,363).

On a current cost basis pre-tax profits were reduced to £459,000 (£321,000).

Allnatt rises to £8m

PRE-TAX PROFITS of Allnatt London Properties advanced from £6.73m to £8.06m in the year to March 31 1982. The mid-year surplus was £0.67m higher at £3.5m.

A final dividend of 4.2p lifts the total from 4.4p to 5.2p net. A total of £444,138 (£360,055) has been waived. Earnings per 25p share are shown to have risen from 9.31p to 10.87p.

Poor start leads to R. Jenkins profit setback

A SLACK and highly competitive market in the early part of the year helped depress the pre-tax earnings of Robert Jenkins (Holdings) in the 12 months to March 31 1982 from £601,148 to £135,547. Turnover was up marginally from £15.34m to £15.43m.

The group, with interests in the design, manufacture and installation of process plant, proposes to pay a final net dividend of 7p per share, making a total for the year of 14p (21.859p). Earnings per share are stated at 91.4p (71.9p) and net assets per share at 630p (552p). The dividend is being reduced to maintain the group's financial strength.

Of the group's companies, Robert Jenkins & Company experienced difficulty in keeping the factory fully occupied, due to a shortage of orders. However, group chairman, Mr A. Robert Jenkins, says that orders improved throughout the year.

A large amount of work from Denmark should contribute to improved results in the current year.

Robert Jenkins Oil & Gas had a reasonable year, although competition was very keen and profits were not as high as had been hoped, Mr Jenkins says.

Robert Jenkins Systems and Hygrotherm Engineering made a modest profit, but contracts are now proving difficult to obtain and next year's figures are likely to be lower. Mr Jenkins says other group companies continue to develop and should make positive progress by next year.

There was a tax credit for the year of £787,580 (£159,670), giving profits after tax of £923,127 (£760,819). The group's shares are traded on the market made by M. J. H. Nightingale & Company.

Minden Oil and Centura Energy agree to merge

Minden Oil and Gas Inc. and Centura Energy Corporation have agreed in principle to combine their respective businesses in a new corporation. The resulting combination will have total assets in excess of $30m (£17.3m).

Minden Oil, a Deleware corporation, was established in 1980 by Lazard Securities. It was to provide its non-U.S. investment clients and associates with an opportunity to invest in exploration for oil and gas and other energy resources, predominantly, but not exclusively, onshore in North America.

Lazard Securities is a wholly owned subsidiary of Lazard Brothers and Company, of London.

The common stock of the new corporation which will be called Minden Oil and Gas Incorporated will be owned 47½ per cent by the former shareholders of Minden Oil and 52½ per cent by the former shareholders of Centura. Its initial board of directors will comprise the five current directors of Minden Oil and three to be named by Centura.

Consummation of the transaction is subject to negotiation of definitive agreements; approvals of shareholders of both companies and applicable regulatory authorities; compliance with all applicable securities laws and regulations; and the completion by Centura of an agreement to sell to certain individuals Polar Industries Inc., Centura's liquefied petroleum gas fertiliser and farm chemical business.

McMullen edges ahead

First-half taxable profits of McMullen and Sons, the Hertford-based brewer, wine and spirit merchant and soft drinks manufacturer, edged ahead from £1.25m to £1.29m on higher turnover of £8.61m, compared with £7.92m.

Trading profits for the period to March 27, 1982 rose by £276,000 to £1.42m after deductions for directors' emoluments and alteration are improvement to licensed properties.

The pre-tax surplus included unlicensed rents, less outgoings of £85,000 (£101,000).

Candecca's profits down sharply to £115,000

TAXABLE PROFITS of Candecca Resources, petroleum hydrocarbons exploration and production group, have declined from £408,000 to £115,000 for the year ended March 31, 1982, with interest received lower at £386,000, compared with £664,000.

Turnover of the company, whose shares are traded on the unlisted securites market, increased from £38,000 to £119,000. At the operating level, profits dropped from £355,000 to £68,000, before associates' contributions of £47,000 (£53,000). Associates' figures are those of Pennine Resources for the full year and Plascom since March 11, 1982.

Tax charge rose from £28,000 to £41,000. Minorites added £25,000 (£16,000) and represented outside shareholders' share of losses in Candecca North Sea, prior to its purchase by Plascom on March 11, 1982.

An extraordinary credit of £812,000 this time represented realised profit arising on the sale of European Continental Shelf subsidies to Plascom.

Increased drilling activity across Candecca's licence interests is anticipated

Sotheby £1.8m sale

Sotheby Parke Bernet, the auctioneer, has now confirmed the sale of the freehold premises known as Nash House, on the corner of Maddox Street and St George Street, London.

The sale price is £1.8m payable in cash on completion on December 31 1982 and shows an excess of £980,000 over book value at August 31 1981.

The sale forms part of the group's plans to dispose of certain land and buildings which are considered to be surplus to requirements. The proceeds will be used to reduce the group's indebtedness.

Sotheby's last week announced a first-half pre-tax loss of £1.5m to February 28, compared with a £4.3m profit in the comparable period a year earlier. To cut costs the company said that it planned to close its Belgravia saleroom; and sell Nash House, its accounts office which has never been part of the auction premises. Two salerooms in Chester were to be disposed of

Sarakreek London listing

Sarakreek, a Dutch-based property investment company, is seeking a London listing for the whole of its issued capital. The company is currently quoted in Amsterdam and Paris and invests in completed, income producing office buildings and shopping centres in the U.S.

It was reorganised in 1977 by J. Henry Schroder Wagg, Amsterdam-Rotterdam Bank and Banque Privee de Gestion Financiere. Net asset value per share has risen from $22.56 at the end of December 1977 to $34.46 at the end of 1981. Market capitalisation of the company is about $119m.

Shares are expected to start dealing next Monday. Stockbrokers to the company are Quilter Goodison.

HAT meets forecast and expands to £6m

AS EXPECTED at the interim stage at HAT Group pre-tax profits for the year to February 28 have exceeded those of the comparable period, showing a rise from £4.81m to £6m. Turnover of this supplier of specialist services and materials moved ahead from £93.6m to £94.11m.

Also in line with a forecast made at last August's rights issue, the total dividend has been raised from 2.5p net to 2.75p with an increased final of 1.375p. Earnings per 10p share, however, are given as slipping from 8.5p to 6.9p, but as 4.9p (4.65p) after a 52 per cent tax

The current year has started satisfactorily, say the directors, and they expect further progress to be made.

● comment

That HAT has made the £6m the market was anticipating before the onslaught of the dreadful winter is no mean achievement and encourages thoughts of £9m or more for this year. Pivotal to the current year's outcome is the inclusion of Tighe, purchased at the turn of the year for £8m cash (last September's rights money) plus some equity. Tighe's vendors warranted profits of £1.8m and undoubtedly the HAT men feel they can squeeze a fair bit more out of Tighe's turnover. The other and far less publicised feature of 1982-83 will be the move into U.S. property development The project is a $27m office development in Houston. HAT's exposure is limited to £3m freehold costs covered by local debt. U.S. property development is hardly the promised land but if the desire to do it overwhelms the sunshine belt is probably the best place to start. Moreover, though no details are out, HAT regards Houston as a one-off and it would be no surprise if it already had a buyer lined up with a fat cheque. But what will it do with theproceeds? HAT is already hinting at another sizeable acquisition, this time with bank funding. All rather tantalising but unlikely to have much near term impact on a price of 89p yielding only 4½ per cent and with a fully taxed prospective p/e of 12.6.

36 companies wound-up

Compulsory winding-up orders against 36 companies have been made by Mr Justice Nourse in the High Court. They are:

Irvine Sellars; Robintown; Drinklink Systems; F. Maxen & Sons; E. W. Hunter; Chan Loi & Sons.

Yellow Dot Sportswear; Farab Investments; Deneglen; Telepaper & Media; Jaguar Design and Print; Fairyhill.

Vomal Security Coatings; Relkleen Industrial Services; Relkleen Janitorial Supplies; Richmond Graphic Systems (UK); Leeshill.

International Diamond Sales (Antwerp); Loycrest; Lodge; Western Coatings; L. & L. Supplies.

Pegasus Services (Southern); Industrial Boilers Engineering Co.; H. Hunt; Halfnight Protective Systems; Transit Express Travel & Freight.

Chasenorth; Silverling; E. Hicks; Able Services (Refrigeration and Air Conditioning); Sketchgate.

V. Heneghan & Son; Miller & Hannaby; Elmspar Equipment Sales; Tunwell Developments.

YEARLINGS 12⅜%

The interest rate for this week's issue of local authority bonds is 12⅛ per cent, down half a percentage point from last week and compares with 13⅞ per cent a year ago. The bonds are issued at par and are redeemable on July 20 1983.

A full list of issues will be published in tomorrow's edition.

APPLIED COMPUTER

The recent rights issue by Applied Computer Techniques has been accepted in respect of 1.247m shares, or 95.6 per cent.

SHARE STAKE

RIT and Northern — Pearl Assurance and its subsidiaries hold 4,346,353 ordinary stock units.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Allnatt London Props.	4.2	Sept. 8	3.4	5.2	4.4
Batleys of York	1.8	Aug. 25	1.7	2.3	2.2
Blundell-Permoglaze int	1.6	Oct. 1	1.6	—§	5.6
Cardiff Property int	0.6†	Aug. 16	0.6	—	1.6
Philip Harris Hldgs	5.05	Aug. 27	4.75	6.5	6.2
HAT Group	1.38	Oct. 4	1.25	2.75	2.5
Investors Capital int	1.5	Sept. 3	1.5	—	3.15
Magnet and Southerns	3	Oct. 1	3	5	5
Mitchell Somers	1.75	Oct. 1	1	3.25	1
Utd British Secs 2nd int	4	—	4	7	7

Dividends shown in pence per share net except where otherwise stated. * Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM Stock. § Final of 4.4p (4p) forecast on increased capital.

CREST INTL.

Crest International Securities: the designation and recording of bargains for the above security has been restored.

SPAIN

July 13	Price %	+ or −
Banco Bilbao	304	−6
Banco Central	244	−5
Banco Exterior	221	−3
Banco Hispano	251	−4
Banco Ind. Cat.	107	
Banco Santander	282	−2
Banco Urquijo	161	−2
Banco Vizcaya	312	−8
Banco Zaragoza	233	
Dragados	95	+4
Espanola Zinc	64	+1
Fecsa	54.2	−0.5
Gal. Preciados	25	
Hidrola	55.7	
Iberduero	44	+1
Petroleos	70.2	−0.5
Petroliber	81	
Sogefisa	5.50	
Telefonica	63.2	−1.3
Union Elect.	54	

CORRECTION

Yesterday's Tring Hall Index should have been 128.5 (+0.5)

THE TRING HALL USM INDEX
127.9 (−0.6)
Close of business 13/7/82
Tel: 01-638 1591
BASE DATE 10/11/80 100

LADBROKE INDEX
Close 552-557 (−1)

AGB completes U.S. acquisition

AGB Research has completed the purchase of National Family Opinion of the U.S. for a consideration of $9m (£5.2m).

Of this $6m was paid in cash on completion; the balance will be paid in cash in three equal instalments on July 9 1983, 1984, and 1985, with interest payable on the outstanding balance at U.S. commercial rates.

National Family Opinion's services include custom-designed national, regional and local surveys conducted by mail and telephone. In the year 1981 it had a turnover of more than $20m and had net tangible assets in excess of $3m.

The directors of AGB expect that the group's higher developed technology in the research field, include the area of television audience measurement, will find many opportunities for expansion in the U.S. resulting from NFO's position of leadership in panel research and its broadly based U.S. marketing organisation.

JOHNSON MATTHEY/ PALMER RESEARCH

Johnson Matthey has exchanged contracts for the acquisition of all the issued capital of Palmer Research, a research contractor and manufacturer of organic chemicals.

The consideration is £600,000 to be partly satisfied by the issue of 111,632 £1 shares credited as fully paid.

BPCC lifts its holding in Bemrose to over 18%

British Printing and Communication Corporation yesterday announced it had bought a further 100,000 shares in Bemrose Corporation at 146p, taking its holding to 2.045m, or 18.189 per cent.

Kleinwort Benson, advisers to Bemrose, meanwhile rejected charges from Bunzl that Bemrose's recent statement on performance and prospects had been inaccurate.

Bemrose has complained to the City Panel on Takeovers and Mergers about the rise in Bunzl's share price which last week allowed it to take a 13.8 per cent stake in Bemrose. Bunzl's £16.1m bid for Bemrose expires today.

ASSOCIATE DEALS

Braid Group—Charlton Seal and Dimmock, associates of Braid Group have sold 61,950 shares at 57½p.

Sunlight Services Group—S. G. Warburg, as an associate of Johnson Group Cleaners, sold on behalf of discretionary investment clients 50,000 Sunlight shares at 104p.

Johnson Group Cleaners—Hoare Govett has bought 200,000 ordinary at 281p and 4,500 preference shares at 92p. Hoare is acting as official broker to Sunlight Service Group.

Int Timber/M. Meyer—De Zoete and Bevan, brokers to Montague L. Meyer, has bought 115,500 International Timber shares at 88p.

J. AND J. DYSON

Agreement has been reached by J. and J. Dyson with another company to exploit certain of the company's mineral resources.

It is not possible to be specific as to sums involved or tonnages obtainable but they are substantial and will be realised over a number of years.

Lookers buys more Braid

Lookers, the Manchester vehicle distributor, yesterday announced it had bought a further 120,000 ordinary shares in Braid Group, taking its holding to 2.125m or 35.4 per cent of the equity.

Lookers had also received acceptances from the holders of 359,202 Braid shares, or six per cent of the equity, taking into account shareholders who have withdrawn their acceptances. It no whas the support of holders of 2.48m shares or 41.4 per cent of the Braid equity.

Braid charged that at one stage Lookers had been "double counting" acceptances which had been withdrawn. Lookers has urged shareholders who had accepted its £3.58m bid to sell their shares on the market though it denied this meant it thought its bid would fail.

EUROPEAN OPTIONS EXCHANGE

Series		Aug. Vol.	Aug. Last	Nov. Vol.	Nov. Last	Feb. Vol.	Feb. Last	Stock
GOLD C	$300	10	55 B	—	—	5	76 B	$353
GOLD C	$325	15	35	12	47 B	—	—	"
GOLD C	$350	88	16	31	33 B	—	—	"
GOLD C	$375	67	6.50	75	20	—	—	"
GOLD C	$400	22	1.80	22	13 A	—	—	"
GOLD P	$300	36	2.50	77	5	5	8 A	"
GOLD P	$325	10	6 A	47	10	—	—	"
GOLD P	$350	16	15 A	2	19 A	—	—	"
12¾ NL 81 87-91								
C	F.107.50	5	4	—	—	—	—	F.111.50
C	F.110	100	1.80	—	—	—	—	"
C	F.112.50	310	0.50	2	1.10	—	—	"
10¾ NL 80 86-95								
C	F.100	10	1.40	—	—	—	—	F.100.70
C	F.102.50	40	0.30	—	—	—	—	"
11¼ NL 82 88-92								
C	F.102.50	195	0.90	40	2	—	—	F.102.50
P	F.102.50	—	—	20	1.40	—	—	"
10 NL 82 86-89								
C	F.100	—	—	20	0.80	—	—	F.98.60
P	F.97.50	—	—	20	1.10	—	—	"
P	F.100	50	1.80	50	2.60	—	—	"
		July		Oct.		Jan.		
AKZO C	F.22.50	51	2.10	—	—	—	—	F.24.20
AKZO C	F.25	—	—	16	1.40	34	1.90	"
AKZO P	F.25	—	—	50	1.30	—	—	"
AMRO C	F.45	—	—	5	3.20	—	—	F.47.20
AMRO P	F.45	—	—	—	—	15	1.70	"
AMRO P	F.50	—	—	11	3.50	—	—	"
KODA C	$70	5	5¾	—	—	5	9⅝	$74½
KODA C	$80	—	—	6	1¾	—	—	"
HEIN C	F.55	—	—	60	5.30	—	—	F.58.60
HEIN C	F.60	—	—	16	2.30 A	—	—	"
HEIN P	F.55	—	—	100	1.10	—	—	"
HEIN P	F.60	11	1.50 B	20	2.50 B	—	—	"
HOOG C	F.17.50	—	—	10	1.10	20	1.50	F.16.30
HOOG P	F.17.50	—	—	8	1.50	—	—	"
IBM C	$55	16	9	—	—	—	—	$63⅞
IBM C	$60	5	3⅞	—	—	18	6⅛	"
KLM C	F.80	5	11.50	—	—	—	—	F.90.70
KLM C	F.90	87	1.50 B	10	7.60	—	—	"
KLM C	F.100	11	0.10 A	58	3.80	—	—	"
KLM P	F.80	77	—	47	2	—	—	"
KLM P	F.90	11	1	15	5.50	—	—	"
KLM P	F.100	5	9 B	16	11	—	—	"
NEDL C	F.110	100	3.50	—	—	—	—	F.112.80
NEDL C	F.120	—	—	24	3	—	—	"
NEDL P	F.110	—	—	10	2.70	—	—	"
NEDL P	F.120	16	7.60	—	—	—	—	"
NATN C	F.110	7	7.30	—	—	—	—	F.117.50
NATN C	F.115	56	2	19	3.60	—	—	"
NATN C	F.120	—	—	—	—	10	1.80 A	"
NATN P	F.110	—	—	5	0.60	—	—	"
PHIL C	F.20	33	3.20	—	—	—	—	F.23.20
PHIL C	F.22.50	421	0.60	21	1.70 A	256	2.20	"
PHIL C	F.25	—	—	157	0.70	82	0.90	"
PHIL C	F.27.50	—	—	—	—	20	0.50	"
PHIL P	F.22.50	—	—	10	0.60	50	1	"
PHIL P	F.25	100	1.70	13	1.90	—	—	"
RD C	F.80	—	—	50	7.50 A	8	8.80	F.83.70
RD C	F.90	—	—	124	1.70 A	43	3	"
RD C	F.100	—	—	10	0.40 A	10	1.30	"
RD P	F.80	—	—	151	2.40	54	3	"
RD P	F.90	121	6.50	197	9.10	—	—	"
UNIL C	F.150	7	0.40	15	3.70	—	—	F.147.50
UNIL C	F.160	—	—	10	1.20	—	—	"

TOTAL VOLUME IN CONTRACTS 4472
A=Asked B=Bid C=Call P=Put

Receiver disposes of Sparrow offshoots

George Elliss and Company has bought the business assets and related properties of Sparrow Hardwick and Denton Manufacturing from the receivers of the parent company William Pickles, for a consideration approaching £1.5m.

The business will continue to trade under the name Sparrow Hardwick (1982). The receivers are Mr Henry Butt and Mr Colin Bird of Price Waterhouse.

TISBURY BREWERY GODSON FREEMAN

The Tisbury Brewery Company and London-based Godson-Freeman and Wilmot have entered into discussions with a view to agreeing terms for a merger.

Godson, a brewer and beer wholesaler, operates from the Black Horse Brewery, Old Ford, London. It commenced its brewing business in 1977, and like like Tisbury, is one of the small independent brewing companies which have become established in recent years.

Beer production at Tisbury has ceased at present in order to install new plant and equipment to cope with an anticipated higher level of trade in the coming months. Existing customers are continuing to be supplied by the company from alternative brewing facilities.

CENTREWAY TRUST ACQUISITION

The Centreway Trust subsidiary, Midland and Northern, which carries on a corporate finance and investment advisory business, has acquired a 50 per cent shareholding in C and M Capital and Management (C and M) for a maximum cash consideration of £20,000.

C and M is the management company for the Mercia Venture Capital Fund, which was set up last autumn to enable investors to take advantage of the tax relief available under the business start-up legislation contained in the 1981 Finance Act.

This acquisition is in line with Centreway Trust's stated policy of developing its interests in the financial services sector.

NEVILLE EXTENDS BID FOR PENGKALEN

The offer by Neville Enterprises to acquire the whole of the issued share capital of Pengkalen has been extended until July 28. By July 8 acceptances had been received from holders of 598,431 shares (37.4 per cent).

An associated company, Fairford Investments, acquired 165,000 Pengkalen shares (10.31 per cent) before the commencement of the offer period.

Acceptances received under the offer, together with shares acquired or agreed to be acquired by Neville or Fairford, amount in total to 763,431 shares (47.71 per cent).

SPEEDWELL GEAR

An agreement has been entered into between Speedwell Gear Case and the shareholders of Delmar, a private company, for the acquisition of Delmar for a consideration of 4m new ordinary shares in Speedwell at par.

The agreement is conditional upon the approval of the shareholders of Speedwell and on the grant of permission to deal in the ordinary share capital of the enlarged group on the USM.

Following the acquisition, the net assets per share and historic earnings per share of Speedwell will increase to 24.5p and 4.1p respectively.

PARQUE/CAIRD

Shareholders of A. Caird and Sons have approved unanimously the new issue of shares to Parque Investment Company. Accordingly, Parque owns 36.6 per cent of the issued share capital of Caird and Mr C. J. McK. Parker and Mr C. J. Quelch have joined the Caird board.

WHITBREAD

Whitbread has acquired a majority interest in Calvet SA, a leading French wine negotiant with headquarters in Bordeaux.

Calvet products will continue to be marketed in the UK by Martini agents, Rutherford, Osborne and Perkin who will supply Whitbread in this country.

All international markets will in future be handled by Whitbread.

Australia could soon face mine closures

BY KENNETH MARSTON, MINING EDITOR

A WARNING that Australia's mining industry is rapidly approaching the point at which there will be shutdowns of major operations has been given by Sir Arvi Parbo, chairman of Western Mining Corporation Holdings, one of the country's leading mining groups.

Pointing out that the world mineral industry is suffering its worst recession since the 1930s, Sir Arvi told the Committee for the Economic Development of Australia that "while mine closures have been so far avoided," there is obviously a limit to how long companies can continue operating at a substantial cash loss at a time when interest rates are in the 20 per cent per annum range."

He said that the main problem for Australian companies was that costs were out of control. In particular, the level of wage rises had been "incredibly stupid," he added. Wages rose by 17 per cent in the 12 months to March 31 while mining profits tumbled in line with weak metal prices.

Western Mining remained in profit during the first six months of its financial year to end June, but the results for the second half are expected to show a further decline in earnings and unless there is an improvement in metal prices losses will probably arise in the current financial year.

Of the other major Australian mining groups, CRA is expected to announce a loss for the first half of this year; in 1981 earnings dropped to A$12.5m (£7.3m) from A$175m in 1980. MIM Holdings went into the red in the third quarter of 1981 for the first time in 45 years.

The aluminium-producing Alcoa of Australia, of which Sir Arvi is also chairman, is reviewing its plans for the A$1bn Portland aluminium smelter in Victoria. Although it is not intended to abandon the project the downturn in the metal market has left Alcoa unable to attract Japanese partners or to finalise suitable power tariffs with the state government.

MMC forecasts lower profits

THE GLOOMY prospects surrounding the future of the tin mining industry will affect the profits of Malaysia Mining Corporation (MMC) in the short term, according to Mr Mohamed Desa Pachi, chairman.

He added in the annual report that the severity of the recently-applied export controls on tin, which were a response to the current depressed price, will also reduce earnings.

The operations of the group, which accounts for about a quarter of Malaysia's total production, are being reviewed, and spending cuts will be introduced.

The chairman attributed the poor outlook for tin to uncertainty as to the effectiveness of the sixth international tin agreement, the world surplus caused by the low level of demand, and continued releases from the U.S. stockpile.

In view of these factors, Mr Mohamed Desa said the Malaysian Government should keep the threshold price for export duty under constant scrutiny, so that rising production costs do not make operations uneconomic.

Nevertheless, MMC retains its confidence in the long-term future of the tin industry, and aims to maintain its exploration and development efforts both in Malaysia and overseas.

The biggest of these is the Kuala Langat joint venture in Selangor, which will cost about M$500m (£125m) to develop. MMC has a 30 per cent interest, with 65 per cent held by the state-owned Kumpulan Perangsang Selangor and 5 per cent by Tronoh Mines.

The venture is expected to start commercial production after a lead-time of two-and-a-half years, and will eventually account for some 15 per cent of the country's output.

The Kuala Langat deposits extend over 1,500 hectares, and the development is likely to be the most complex alluvial tin mining operation ever to be brought on-stream anywhere in the world, mainly because of the great depths at which tin-bearing material is found.

Overseas, MMC plans to expand its two operations in Thailand, those of Tongkah Harbour and Aokam Tin. The programme includes a feasibility study of a new large-capacity dredge, introduced by Tongkah Harbour, to exploit extensive low-grade reserves within the lease area.

Further exploration is proposed offshore Thailand.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims: General Consolidated Investment Trust, M and G Dual Trust.

Finals: H. P. Bulmer, Daejan, Greig Shipping, Hampton Gold Mining Areas, Howard and Wyndham, ICC Oil Services.

FUTURE DATES

Interims—

Drake and Scull	July 21
Eurotherm International	July 15
Scan-Data International	July 19
Finals—	
C.H. Industrials	July 19
Control Securities	July 19
East of Scotland Onshore	July 23
Ellis and Everard	July 26
Great Universal Stores	July 15
Hogg Robinson	July 20
Jones Stroud	July 19
Kinta Kellas Rubber Estates	July 19
R.F.D.	July 20
Ransom (William)	July 22
Rotaprint	July 19
Siebe Gorman	July 20
Stewart Zigomala	July 29
Syltone	July 16

United British Securities holds payment

United British Securities Trust is maintaining its dividend of 7p net for the year to June 30, 1982, with an unchanged second interim payment of 4p. Stated earnings per 25p share are up from 6.51p to 6.57p.

Available revenue came through ahead from £2.96m to £3.07m, after tax of £1.94m (£1.65m). Management expenses absorbed £263,104 (£206,994) and interest was unchanged at £9,000.

Gross income amounted to £5.28m (£4.82m).

R. H. MORLEY

The acquisition of Tamvel by the R. H. Morley Group will not now proceed.

Dividend and profit up at Batleys

Attributable profits at Batleys of Yorkshire rose from £1.06m to £1.16m in the year to May 1 1982, on turnover up from £105.77m to £118.15m.

Stated earnings per 10p share of this cash and carry wholesaler were 13.62p (11.47p) basic and 9.65p (8.12p) fully diluted. The final is raised by 0.1p to 1.8p, making 2.3p (2.2p) for the year.

After a difficult first half, the company said that it had had to reduce profit margins to keep sales buoyant, but it was hoped at midway that the year's figures would be acceptable.

The results include an extraordinary credit of £77,000 and tax took £200,000 (£222,000).

LONDON TRADED OPTIONS

July 13 Total Contracts 3051 Calls 2339 Puts 712

Option	Ex'rcise price	July Closing offer	July Vol.	Oct. Closing offer	Oct. Vol.	Jan. Closing offer	Jan. Vol.	Equity close
BP (c)	260	9	7	22	54	30	2	260p
BP (c)	280	2½	2	11	160	20	—	"
BP (c)	300	1	—	7	2	12	8	"
BP (p)	260	10	169	15	35	18	23	"
BP (p)	280	22	28	30	5	33	1	"
BP (p)	300	42	2	46	—	48	—	"
CU (c)	120	19	—	22	—	25	1	137p
CU (c)	130	10	—	15	2	19	1	"
CU (c)	140	3½	—	9	10	13	—	"
Cons. Gld (c)	330	50	—	60	—	67	1	374p
Cons. Gld (c)	360	20	—	38	7	45	—	"
Cons. Gld (c)	390	6	20	17	71	27	—	"
Cons. Gld (c)	420	1½	—	8½	9	11	1	"
Cons. Gld (p)	360	6	—	16	20	28	—	"
Cons. Gld (p)	390	25	8	32	—	40	—	"
Ctlds. (c)	80	2	25	9	—	11	—	77p
GEC (c)	700	325	3	—	—	—	—	£101¼
GEC (c)	800	225	—	245	—	265	3	"
GEC (c)	850	175	25	195	—	215	—	"
GEC (c)	900	125	—	145	1	165	—	"
GEC (c)	950	75	—	100	2	125	—	"
GEC (c)	1000	38	—	65	1	90	—	"
GEC (c)	1100	5	—	28	68	50	40	"
GEC (p)	900	1	—	9	30	20	—	"
GEC (p)	1000	12	47	20	—	45	—	"
Gr'd Met. (c)	174	60	2	65	—	—	—	233p
Gr'd Met. (c)	194	40	10	45	—	50	—	"
Gr'd Met. (c)	200	34	—	39	—	44	1	"
Gr'd Met. (c)	220	15	—	22	1	27	—	"
Gr'd Met. (c)	240	3	—	9	9	15	1	"
Gr'd Met. (p)	214	2	10	6	—	8	—	"
Gr'd Met. (p)	240	14	—	18	—	22	2	"
ICI (c)	300	7	—	19	2	29	—	296p
ICI (c)	330	2	—	7	49	15	6	"
ICI (p)	300	8	5	17	1	19	—	"
ICI (p)	330	34	50	39	47	41	—	"
Land Sec. (c)	260	10	—	21	4	28	—	269p
Mks & Sp. (c)	160	1½	2	8	8	12	—	153p
Mks & Sp. (c)	180	1	—	3	10	6	—	"
Shell (c)	360	24	6	32	—	40	—	382p
Shell (c)	390	8	—	15	25	24	—	"
Shell (c)	420	2	2	8	25	14	—	"
Shell (p)	360	4	—	9	50	16	10	"
Shell (p)	390	16	—	26	51	28	—	"
Shell (p)	420	40	2	44	—	46	—	"
		August		November		February		
Barclays (c)	360	23	10	35	—	45	—	378p
Barclays (p)	390	22	10	25	10	40	—	"
Imperial (c)	70	30½	426	—	—	—	—	100p
Imperial (c)	80	20½	37	22½	—	—	—	"
Imperial (c)	90	10	130	13	425	18	—	"
Imperial (c)	100	3½	24	7½	—	10½	10	"
Imperial (p)	100	3	—	5	2	6	3	"
Lasmo (c)	280	15	—	36	1	50	—	282p
Lasmo (c)	300	8	2	24	43	40	—	"
Lasmo (c)	330	3	—	15	35	28	—	"
Lonrho (c)	70	16	68	18	20	19	—	86p
Lonrho (c)	80	7½	8	10½	27	12½	9	"
Lonrho (c)	90	3	38	6	122	7½	4	"
Lonrho (p)	90	2	31	8	19	10	—	"
P&O (c)	120	31	4	38	—	—	—	148p
P&O (c)	140	12	2	20	—	24	4	"
P&O (c)	160	2	40	6½	50	12	—	"
Racal (c)	460	15	7	32	1	48	—	460p
Racal (p)	460	13	—	23	1	30	—	"
RTZ (c)	360	40	10	55	18	60	—	382p
RTZ (c)	390	18	10	32	3	40	7	"
RTZ (c)	420	6	6	16	4	30	—	"
RTZ (c)	460	1½	—	6	30	17	—	"
RTZ (p)	390	15	40	28	—	37	—	"
Vaal Rfs. (c)	40	5½	5	8	4	8½	1	$45
Vaal Rfs. (c)	45	2½	4	4½	—	5½	—	"
Vaal Rfs. (c)	50	1	10	2½	—	—	1	"
Vaal Rfs. (p)	45	3½	1	6	—	6½	—	"

C=Call P=Put

SHARE STAKES

Helene of London—EM Passes has sold 600,000 ordinary shares.

London Prudential—Merchant Navy Officers Pension Fund is interested in 700,000 ordinary (11.67 per cent).

J. and J. Makin Paper Mill—Prudential Corporation holds 84,000 ordinary shares (5.11 per cent).

Bridgewater Estates — Largs has acquired 55,000 ordinary (2.03 per cent) and now holds 566,200 ordinary (20.97 per cent).

Trafford Park Estate — Largs holds 600,000 ordinary shares (5.618 per cent).

BASE LENDING RATES

A.B.N. Bank	12 %	Grindlays Bank	‡12 %
Allied Irish Bank	12 %	■ Guinness Mahon	12 %
Amro Bank	12 %	■ Hambros Bank	12½%
Henry Ansbacher	12 %	Hargrave Secs. Ltd.	12½%
Arbuthnot Latham	12 %	Heritable & Gen. Trust	12½%
Associates Cap. Corp.	13 %	■ Hill Samuel	§12½%
Banco de Bilbao	12½%	C. Hoare & Co.	†12½%
BCCI	12½%	Hongkong & Shanghai	12 %
Bank Hapoalim BM	12½%	Kingsnorth Trust Ltd.	14 %
Bank of Ireland	12 %	Knowsley & Co. Ltd.	13 %
Bank Leumi (UK) plc	12½%	Lloyds Bank	12 %
Bank of Cyprus	12½%	Mallinhall Limited	12 %
Bank Street Sec. Ltd.	13½%	Edward Manson & Co.	13½%
Bank of N.S.W.	12½%	Midland Bank	12 %
Banque Belge Ltd.	12½%	■ Samuel Montagu	12 %
Banque du Rhone et de la Tamise S.A.	12½%	■ Morgan Grenfell	12 %
Barclays Bank	12 %	National Westminster	12 %
Beneficial Trust Ltd.	13½%	Norwich General Trust	12 %
Bremar Holdings Ltd.	13½%	P. S. Refson & Co.	12½%
Brit. Bank of Mid. East	12 %	Roxburghe Guarantee	13 %
■ Brown Shipley	12½%	Slavenburg's Bank	12 %
Canada Perm't Trust	13 %	Standard Chartered	‖12 %
Castle Court Trust Ltd.	12½%	Trade Dev. Bank	12½%
Cavendish G'ty T'st Ltd.	14 %	Trustee Savings Bank	12½%
Cayzer Ltd.	12½%	TCB	12½%
Cedar Holdings	13 %	United Bank of Kuwait	12 %
■ Charterhouse Japhet	12½%	Volkskas Intl. Ltd.	12 %
Choulartons	13 %	Whiteaway Laidlaw	13 %
Citibank Savings	‡12½%	Williams & Glyn's	12 %
Clydesdale Bank	12 %	Wintrust Secs. Ltd.	12 %
C. E. Coates	13 %	Yorkshire Bank	12 %
Comm. Bk. of Near East	12½%		
Consolidated Credits	12½%		
Co-operative Bank	*12 %		
Corinthian Secs.	12½%		
The Cyprus Popular Bk.	12½%		
Duncan Lawrie	12 %		
Eagil Trust	12½%		
E.T. Trust	12½%		
Exeter Trust Ltd.	13 %		
First Nat. Fin. Corp.	15 %		
First Nat. Secs. Ltd.	15 %		
Robert Fraser	13 %		

■ Members of the Accepting Houses Committee.
* 7-day deposits 9%, 1 month 9.25%. Short term £8,000/12 month 11.6%.
† 7-day deposits on sums of: under £10,000 9½%, £10,000 up to £50,000 10¼%, £50,000 and over 11%.
‡ Call deposits £1,000 and over 9%.
‖ 21-day deposits over £1,000 10%.
§ Demand deposits 9½%.
¶ Mortgage base rate.

Powell Duffryn to continue expansion

To reach its full potential Powell Duffryn needs political and economic stability to restore levels of growth Viscount Sandon, chairman, says in his annual statement. The group has not made the progress the directors had envisaged two years ago, primarily because that necessary stability and growth have been lacking.

However, the directors of this engineering, shipping, bulk liquid storage, fuel distribution and construction services company, have continued to invest in identified areas within the group's chosen spheres, because they believe that is the right way forward.

Indeed Viscount Sandon says, *some beneficial results have already been seen.* "Knowing that the company is equipped to seize the opportunities which will undoubtedly arise, we view the future with some confidence."

The group will continue to maintain a balanced diversity of industrial activities and to increase geographical spread, while maintaining a strong UK trading base, he says.

As reported on June 24, pretax profits fell from £14m to £12.5m for the year to March 31 1982, on turnover up from £511.9m to £586.6m. Stated earnings per 50p share fell from 36.8p to 31.8p and an unchanged final dividend of 9.55p maintains the net total at 14.25p.

Meeting: The Dorchester, W1, August 4, at noon.

Magnet & Southerns falls by £3.5m

TAXABLE PROFITS of Magnet and Southerns fell from £22.61m to £19.11m in the year to March 31 1982, with the second half contribution £2.18m lower at £8.53m.

Turnover of the group, which makes prepared joinery, doors and ancillary products, rose from £135.99m to £136.35m.

The dividend is held at 5p net, with an unchanged final of 3p. A one for two scrip issue is proposed. Stated earnings per 25p share down from 14.3p to 11.4p.

The directors say there are signs of a slight improvement in the current year. Housing starts, particularly in the private sector, show an advance over last year and they highlight the continued increase in timber frame housing.

"Timber stocks throughout the country are more in balance with demand than for a long time, the directors say. There is little or no likelihood of stock losses with timber prices generally firming.

With 55 per cent of all dwellings owner-occupied and 50 per cent of all dwellings 40-years-old or more, the long-term prospects remain excellent. Short-term prospects are better than a year ago and provided that the current trends continue, the company will have a better year.

Tax charge for the year comprised UK corporation tax £8.92m (£7.39m) and overseas £22,000 (£54,000 credit). There was a deferred credit of £1,000 (£709). Available profit came through at £12.24m (£15.03m).

The pre-tax figure included investment income up from £1.19m to £1.41m.

On a CCA basis the surplus before tax, was reduced to £14.72m (£17.28m).

Taxable profits of Magnet Joinery fell from £15.8m to £13.65m in the year to March 31, on turnover £4.78m higher at £75.9m. Tax took £4.93m (£5.05m).

CCA pre-tax profits came through at £10.38m (£12.52m).

At the timber importing and merchanting subsidiary Southerns-Evans pre-tax profits dipped to £5.6m (£8.56m) on turnover of £79.12m (£81.4m). Investment income contributed £792,150 (£542,399).

There was an extraordinary credit of £44,932 (debit £303,922). Tax took £2.04m (£2.33m). Earnings per 25p share are stated at 25.25p (30.1p).

Pre-tax profits on a CCA basis are put at £5.21m (£8.28m).

See Lex

Improvement at Murray Northern

TAXABLE REVENUE of the Murray Northern Investment Trust advanced from £866,000 to £1m in the year to May 31 1982, while the stated earnings per 25p share rose from 1.83p to 2.04p or from 1.83p to 2.02p assuming full conversion on the "B" ordinary stock.

The final dividend is being raised from 1.25p net to 1.35p making a higher total of 1.95p (1.85p). At the same time the interim dividend for the current year is being set at a same again 0.6p.

The directors say that during the year the move to smaller markets continued, with special emphasis on Europe. Because of the deteriorating outlook for South East Asia the proportion of assets in these markets remained low.

A-R Television profits move ahead to £8.04m

AFTER A rise in associate profits from Thames Television from £1.33m to £4.42m pre-tax profits at A-R Television, formerly known as Rediffusion Television, showed an improvement of £2.18m to £8.04m for the year to March 31 1982.

The company is a subsidiary of British Electric Traction and its main activity is the holding of shares in Thames Television which contracts television programmes to the IBA for the London area on weekdays. The company also undertakes property leasing.

Interest receivable was down from £4.55m to £3.66m after increased trading losses of £37,953 (£18,793) on turnover ahead from £36,683 to £54,510.

After a greatly increased tax charge of £5.96m, compared with £1.8m, attributable profits emerged lower at £2.08m, against £4.06m.

The total dividend has been cut from 62.3532p to 49.5971p net with a final of 34.5971p (47.3532p).

Dividend payments absorbed £2.65m (£3.3m) and there was a transfer from the reserves of the associate of £572,313, against a previous transfer to the reserves of £760,670.

On a current cost basis pretax profits were reduced to £6.22m (£4.94m).

A. E. LOAN STOCK

A.E. has purchased for cancellation a further £275,230 *nominal of 8 per cent unsecured* loan stock 1989-94, representing 13.89 per cent of the amount outstanding. Following this purchase, £1,706,292 stock is remaining in issue.

Decrease at Cardiff Property

A fall in net profits from £13,068 to £3,650 is reported by Cardiff Property, for the half year to March 31, 1982, on slightly higher turnover of £23,587, compared with £22,785. Tax took £2,642 against £7,600.

On increased capital the interim dividend of this property investment concern is 0.6p net per 20p share (same on old capital); last year's final payment was 1p.

The board says that members can now look forward to a significant increase in the company's annual rental income.

Since the half year end, the company has completed the purchase of commercial property investments. The board says good *progress is being made in* finalising the existing refurbishment programme and it continues to investigate other suitable acquisitions leading to further growth.

Losses of £292,000 for Energy Capital

PRE-TAX losses of £292,000 for 1981, compared with profits of £130,000 previously, are reported by Energy Capital, which is involved in oil and gas exploration and production and uranium mine development.

Losses per 12½p share are shown as 3.04p, against earnings of 0.97p.

The directors say investment have been sold since the year-end and overheads have been drastically reduced to overcome the company's liquidity problems. The company is no longer under pressure and the chairman and several others have decided to serve without emoluments until "the company enters into a comfortable, positive cash flow situation."

The previous chairman, Mr G Ferguson Lacey, and director Mr R. C. McBride resigned from the board in May this year.

Last October the board reported that it had been approached by a potential offeror and discussions were continuing. These talks eventually failed to result in an offer but were followed by approaches from two further potential offerers. Talks with the last of these have recently ended without an offer being made.

Turnover during the year under review totalled £113,000 (£324,000). There was a tax credit of £74,000 (£82,000 charge) and extraordinary debits of £192,000 (£30,000).

Revenue from the company's petroleum production has continued to be slightly above forecast. Undeveloped oil and gas leases have increased in market value and some acreage has been sold at a profit.

The 103,000 acres of federal oil and gas leases in Utah acquired during the year are well located. Various exploratory wells are being drilled or are to be drilled by other companies in the general area. The company stands to benefit from future discoveries in the region.

The company has a 3 per cent overriding royalty interest in acreage in New Mexico and Texas. Drilling during the year on this acreage has resulted in three successful gas wells and two successful oil wells.

Seven or eight additional gas wells and several step out oil wells are expected to be drilled on the acreage in the next year or two, subject to company's *overriding royalty* but free from costs to the company.

Additional royalty interests were obtained during the year at no direct cost on new undeveloped acreage in Arizona and New Mexico.

RESULTS AND ACCOUNTS IN BRIEF

SCOTTISH EASTERN INVESTMENT TRUST—Net asset value per ordinary share as at June 30, 1982, prior charges at par, 108.9p, and prior charges at market value, 112.1p.

ST. ANDREW TRUST—Net asset value at June 30, 1982, prior charges at par, 198.7p, and prior charges at market value, 202.8p.

SECURITIES TRUST OF SCOTLAND—Net aset value per ordinary share as at June 30, 1982, prior charges at par 147.5p, and prior charges at market value, 157.6p.

CANADIAN AND FOREIGN INVESTMENT TRUST—Net asset value per ordinary share as at June 30, 1982, prior charges at par, 191.9p, and prior charges at market value 192.5p.

JAMES FINLAY (international trader and financier)—*Results for 1981, reported June 11.* Shareholders' funds £78.91m (£73.74m); loans £17.6m (£8.77m); fixed assets £83.19m (£55.25m); net current assets £33.85m (£30.74m); increase in working capital £3.31m (£3.06m); terminal payment to director by subsidiary £55,000 (nil). Meeting: Glasgow, July 30, noon.

DE LA RUE (security printer)—Results for year to March 31, 1982, and prospects reported June 3. Shareholders' funds £135.91m (£124.87m); net current assets £78.53m (£68.53m); short term deposits and bank balances £62.91m (£42.22m); bank loans and overdrafts £42.99m (£30.17m). Meeting: Cafe Royal, W, July 28, 11.30 am.

THE BRADFORD PROPERTY TRUST—Results for the year to April 5 1982 reported on June 18. Shareholders' funds £20.41m (£17.92m). Fixed assets £1.28m (£1.24m). Net current assets £18.14m (£15.87m) including properties £20.42m (£15.19m). Meeting: Bradford, August 5, at noon.

JONAS WOODHEAD AND SONS (vehicle suspension specialist)—Results for year to March 31 1982 reported *June 19. Shareholders' funds £21.04m* (£23.32m). Fixed assets £12.37m (£13.07m). Net current assets £14.38m (£16.14m). Bank overdrafts fell by £92,000 (£1.24m). Meeting: Leeds, July 30, 2.30 pm.

IMPERIAL CONTINENTAL GAS ASSOCIATION—Results for year ended March 31 1982 reported July 7. Shareholders' funds £294.98m (£268.52m), net current assets £80.63m (£73.26m). Meeting: 20, Aldermanbury, EC, August 6, 11.30 am.

ARTHUR HOLDEN AND SONS (maker of lacquers, coatings and varnishes)—Results for the year to March 31 1982 reported June 30. Shareholders' funds £9.09m (£8.47m), fixed assets £5.97m (£5.28m), net current assets £3.58m (£3.54m). Increase in working capital £257,000 (decrease £870,000). Meeting: Birmingham, August 4, at noon.

ANDERSON STRATHCLYDE (mining equipment manufacturer)—Results for year to March 31, 1982, reported June 4. Shareholders' funds £45.61m (£40.09m); loan capital £3.9m (£6.33m); fixed assets £17.17m (£13.72m); net current assets £34.18m *(£33.99m); net inflow of funds £6.44m* (£2.75m). At year end Charter Consolidated held 13.47m (28.4 per cent) of the ordinary shares. Meeting: August 5.

MOUNTVIEW ESTATES (property dealer and investor)—*Results for year* to March 31, 1982, reported June 4. Shareholders' funds £6.6m (£5.43m); fixed assets £12,005 (£11,709); deferred assets of advanced corporation tax £63,571 (£62,143); current *assets £9.2m (£6.79m); current* liabilities £2.86m (£1.44m). Meeting, Regent Palace Hotel, W, August 4, noon.

BRICKHOUSE DUDLEY GROUP (supply of materials to building and *civil engineering industries)*—Results for year to March 31, 1982, already known. Shareholders' funds £10.83m (£10.72m). Fixed assets £8.55m (£7.34m). Net current assets £3.42m (£3.92m) including bank balances and short-term deposits £166,985 (£656,841), bank overdrafts £957,219 (£144,437). Liquid funds fell £1.84m (£0.19m rise). Britannic Assurance has 12.68 per cent holding in company. Meeting, Birmingham, August 6, noon.

BARAOORA TEA HOLDINGS—Results for 1981 already known. Current assets £935,215 (£745,196), current liabilities £563,382 (£544,037). Shareholders' *funds £1.4m (£1.32m).* Meeting: Glasgow, July 30, 9.30 am.

BAKER PERKINS (manufacturer of plant and machinery for food, chemical and printing industries)—Results for year to March 31 1982 and prospects, reported June 25. Shareholders' funds £49.85m (£45.58m). Net current assets £29.01m (£27.86m). Working capital decreased £165,000 (£4.3m). Product development expenditure £3.7m (£3.4m)—directors are budgeting for large *increase in current year.* Meeting: Hyde Park Hotel, Knitsbridge, August 5, 11.45 am.

LONDON AND LIVERPOOL TRUST (industrial holding company)—Results for year to March 31 1982 reported on June 29. *Shareholders' funds £2.27m* (£1.3m); fixed assets £3.55m (£1.92m); net current assets £1.6m (£348,000); decrease in working capital £481,000 (£517,000). Castlebridge owns 12.8 per cent of ordinary shares. Meeting: Birmingham, September 28, at noon.

TRIPLEX FOUNDRIES GROUP—Results for year to March 31, 1982, already known. *Shareholders' funds £9.51m* (£11.65m). Net current assets £1.87m *(£4m).* Ex-gratia payment to former director £14,000. Meeting: Tipton, August 5, noon.

CONTRACTS AND TENDERS

ART GALLERIES

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FINANCIAL TIMES
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COMMODITIES AND AGRICULTURE

Decline in world meat output

By Nancy Dunne in Washington

GLOBAL meat production is being depressed by the current slowdown in world economic growth and last year's poor returns to livestock producers, according to the World Agriculture Report isued by the U.S. Department of Agriculture.

In the U.S. alone, total red meat and poultry production was 3 per cent below last year's during the first half of 1982. Combined with lower feed costs, the improved prices created the most profitable situation for livestock producers since mid-1979.

In the second half of the year, total meat production will continue well below a year ago as further declines in pork production more than offset modest gains in beef and broiler output.

As a result of the production slowdon, U.S. Agriculture Secretary Mr John Block has announced that 1982 meat imports will be below the level requiring restraints.

In his third quarterly estimate, Mr Block said meat imports, subject to quota, would run around 1.23bn lbs (558,000 tonnes) for all of 1982. While slightly above earlier estimates and slightly higher than last year's 1.22bn lbs, the current estimate is still 75m lbs below the 1.3bn lb total which requires restraints.

Chicken farmers' imports warning

MANY of Britain's poultry farmers face disaster if exports of cheap Common Market chickens and turkeys resume, the industry warned yesterday.

Imports of EEC poultry were banned last September on health and hygiene grounds but the European Court of Justice is expected to rule later this week on whether the ban is legal.

Officials in Brussels think the court will find against Britain and order the ban to be lifted.

"If imports resume we would be in a disastrous situation," said Mr Maurice Trew, of the British Chicken, the marketing group which represents all leading UK producers. He also warned that up to 30,000 jobs in the industry could be threatened.

Interest rate cuts boost copper market

BY RICHARD MOONEY

THE UPSURGE in London Metal Exchange copper values continued yesterday with cash high grade metal closing £22 up at £851 a tonne—bringing the rise in the past week to £74.50.

The main influences on the market were interest rate cuts and the sharp rise in the gold price. But some dealers also quoted trade reports of further Chinese buying on top of the recently reported 50,000 tonnes.

There were suggestions that having broken through a chart resistance area at £850, the copper price might quickly move up towards the £900 level.

But some traders voiced suspicions that the rise had already been overdone. This view tended to be supported by a bout of heavy trade selling late in the afternoon which trimmed £5 or £6 off the cash quotation.

The market continued to ignore the meeting of the Inter-Governmental Council of Copper Exporting Countries (Cipec) in Lima, Peru, at which direct action to support the copper market has been under consideration.

The Cipec members, Chile, Peru, Zambia, Zaire, Indonesia, Australia, Papua New Guinea and Yugoslavia, were discussing a draft declaration of intent on joint action but this was expected by observers to be "fairly vague in content." The producers has already ruled out the possibility of production cuts and were concentrating on the possibility of setting a minimum export price.

Nancy Dunne writes from Washington: Falling metal prices in the first half of 1982 did little to depress trading volume in U.S. metal futures. Comex, the world's largest metal futures exchange, has reported dramatically higher volumes this year over last, and other exchanges have also done well.

Comex increased its trading overall by 22.1 per cent in the first half of the year over the first half of 1981. A total of 7.54m contracts were traded between January 1 and June 30, compared with 6.176m in the first half of 1981.

Silver futures showed the biggest increase with first half volume more than doubling to over 1m contracts. Gold futures remained Comex's most active sector at 5.5m contracts, a 12 per cent increase. Copper futures trading was up 27.9 per cent to more than 1m contracts.

The 1,000 ounce silver contract on the Chicago Board of Trade also did well, with volume rising to 158,396 contracts from 43,637 in the same period of 1981. But the Board's 100 ounce gold contract decreased in volume from 12,986 troy oz to 8,434, in spite of picking up sharply in June.

Doubt on Soviet grain pact

BY NANCY DUNNE IN WASHINGTON

THE CAST was changed, but apparently when Ronald Reagan assembles his cabinet, with George Shultz as Secretary of State the lineup in the dispute over a new grains pact with the USSR will remain unchanged.

Mr Shultz, who helped negotiate the first LTA (Long Term Agreement) with the Soviets in the mid 1970s and who was reported to be more favourable than Alexander Haig towards a new agreement, told the Senate Foreign Relations Committee yesterday that with martial law still in effect in Poland "this is hardly the time to negotiate a new LTA."

Sounding very much like his predecessor, Mr Shultz told the committee, "it would be the wrong signal to lift the sanctions against the LTA."

Leading the drive for new negotiations within the Cabinet is Mr John Block, the Secretary of Agriculture, who met President Reagan on Monday to plead the case for the financially troubled U.S. farmers. Later in the day his department released figures showing that, in spite of the 15 per cent acerage reduction programme, the American winter wheat crop will be a record 2.12bn bushels (57.8m tonnes), 1 per cent larger than last year's crop.

Even more significant to the debate, the USDA forecast an abysmal grain crop of 170m tonnes for the Soviet Union in 1982, the worst crop since the 1975 output of 140m tonnes. The harvest, the fourth poor one in four years, results from bad weather and low plantings. The USSR planted only 123m hectares, the smallest area since 1972, and yields are no better than last year, according to the USDA.

The department predicted that the Soviets will be forced to import more than 40m tonnes of grain next year. This year, with a crop estimated at anywhere from 140m to 165m tonnes, the Soviets are importing about 45m tonnes.

In Ottawa meanwhile Canadian External Affairs Minister Mark MacGuigan has confirmed that Canada has extended a credit of up to C$1bn to the Soviet Union to buy Canadian grain, reports Reuter.

He told parliament there was nothing unusual about the credit, the first to Moscow for grain purchases, and the U.S. had been notified in advance. The U.S. Government is refusing the Soviet's credit for grain purchases.

The Canadian credit was for up to six months and at market rates, Mr MacGuigan said.

Grain traders said sales in the new crop year could total a further 7m tonnes and may already have been negotiated by Canadian Wheat Board Minister, Mr Hazen Argue, during a recent tour of the Soviet Union.

Agreement in Hunt dispute

By Paul Betts in New York

THE HUNT family of Dallas reached an agreement with the Securities and Exchange Commission yesterday settling the dispute which erupted after the silver crisis in 1980.

The Hunts said they had agreed to a consent order prohibiting Mr Nelson Bunker Hunt and Mr Herbert Hunt each from acquiring more than a 5 per cent stake in certain public brokerage houses without first complying with SEC notice requirements.

In turn, the SEC closed its investigation into the affairs of the Hunts. The investigation was started in April 1980 after the Hunts acquired stock of the Bacht Group, the large Wall Street brokerage firm, in 1979 and 1980. It also focused on the activities of the Hunts in the silver futures market during those years.

The Hunts reached agreement with the SEC without admitting any of the charges the SEC had made against the Dallas family.

The Commodity Futures Trading Commission is still investigating the Hunts' dealings in the silver futures market in 1979 and 1980.

Sugar values rise again

WORLD SUGAR prices rose again yesterday with the October position on the London futures market up £9.10 per tonne on the previous day's close. In the morning the London daily price was set at £121 per tonne, up £5 and the highest level since the end of April.

Prices were unaffected by this week's EEC sugar tender at which just under 36,000 tonnes of white sugar was authorised for export at a maximum rebate of 29.154 ecu's per 100 kilos.

Traders were expecting importers to bid in spite of low refinery levels as there are only three tenders left before the close of the season and they need to ensure fulfilment of existing commitments.

The story of Galea

BY A CORRESPONDENT

WIMBLEDON WASHOUTS and the century's wettest June apart, this season has been excellent for the British market in melons, which sell best when the sun shines most.

The situation has favoured Israel, the spearhead of whose success is a melon called Galea. Perfected by that country's plant breeders six years ago, this fruit today accounts for some 15 per cent of Britain's annual imports of 20,000 Israeli melons.

The galea was already elite because, flown in as the first melon on to the British market after winter, it is welcomed with the season's highest prices, which earlier this year were running at £2 a fruit in the shops. Even now, in the full flush of the season, they are fetching more than £1 apiece.

Last year an experiment began that added even further magic to the performance of a fruit regarded as something of a wonder in the trade. The experiment was that of growing the galea on the shores of the Dead Sea, which is renowned for its saltiness. The result has been a product that excels in sweetness.

Growing the galea in Dead Sea soil that had until recently lain idle for centuries brought the season's opening for melons in this country forward by some two months and lengthened the period over which the variety, wihout rivals on the market, commands a premium. Prices for the galea this year were 25-30 per cent above those of last year, though for other varieties, including honeydew and ogen, they advanced somewhat less than inflation.

On the other hand, transport costs, both sea and air, have been pared by changing the shape of cartons and increasing the density of pallets.

The premium for earliness and the reducing of overheads have helped make up for the fact that the exquisite flavour of the galea has to be paid for by by a reduction in the tonnage harvested per acre—thanks to both the smallness of the fruit and yields that are lower than on traditional soils.

Of the more than 50 horticultural products Israel sends to Britain, none has won such praise from both trade and consumer as the galea, and no galea more than that grown by the Dead Sea in an eerie bowl of land 1,200 feet below ordinary sea level and a mere 20 minutes' drive from Jerusalem and its quite different climate in the hills.

The success of these melons, and particularly of the galea, might have been dulled this year by the arrival of heavier supplies from Spain, but officials in London of Agrexco, Israel's agency for horticultural exports, have been relieved to find that atlhough Spain had managed to to buy seed which, because hybrid, was available only from the country of origin, the margin of quality enjoyed by the indigenous product was enough to keep the price differential correspondingly up.

Ironically, it was Israel's withdrawal earlier this year from Sinai that gave the Dead Sea super-galea its chance. For it was from Nuebe, by the Red Sea, that the choicest and earliest, and thus the most profitable, specimens came. Tests were conducted on the Dead Sea shore in the hope of substituting for that location.

The success that has greeted that project means that increasingly large Dead Sea acreages will be brought under cultivation for the purpose — and, incidentally, for onions and other produce—and thus more early melons can be expected here regularly henceforth.

"The galea was a success from the start," said an Israeli official this week. "It was not like trying to establish the avocado —liked by some, not by others. The public's response to the galea has been 100 per cent enthusiasm that has never wavered."

Even though Israel has produced what it boasts to be the best melon in the world, it is not resting on that. Besides expanding the acreage next year of what already exists, in the laboratories and experimental plots of that country are further developments calculated to excite the envy of competitors in the market.

They include a water-melon without seeds, a honeydew melon coloured orange like an ogen inside rather than yellow as now, and, believe it or not, an even better galéa.

Change in EEC rice trade urged

BY OUR COMMODITIES STAFF

A DELEGATION from Britain's Food Manufacturers' Federation met Mr Poul Dalsager, the EEC's agriculture commissioner, in Brussels yesterday to press for action to open up the Common Market to imports of rice types which could not be grown in adequate quantity or quality in the Community.

In particular they asked for the "discriminatory" levy on long grain rice to be dropped and for limits on support for EEC production of medium grain "which no-one really wants."

Larry Klinger writes from Brussels: Mr Dalsager told them that a wide ranging "factual study" of the EEC's rice marketing arrangements was under way and undertook to consult the industry fully if any changes in the current regulations were eventually to be proposed.

Both sides described yesterday's 45-minute talks as "constructive."

However, it remained to be seen, a spokesman said after the meeting, whether the Commission "had taken on board" that the manufacturers' main complaint was that the whole, fundamental basis of the current EEC arrangements were misconstrued.

No small amount of "fiddling" with the current arrangements could put the situation right, he said.

Mr Dalsager said the Commission's study, which had been requested by the EEC's member-states, was expected to be completed by the end of the year.

LONDON OIL SPOT PRICES

	Latest	Change + or —
CRUDE OIL—FOB ($ per barrel)		
Arabian Light	31.00-31.50	—0.30
Iranian Light	30.00-31.10	—0.35
Arabian Heavy	29.00-29.25	—0.35
North Sea (Forties)	32.75-33.40	—0.15
African (Bonny L'ht)	33.60-34.50	—0.07
PRODUCTS—North West Europe CIF ($ per tonne)		
Premium gasoline	338-345	—1.0
Gas oil	270-273	—1.0
Heavy fuel oil	160-170	—1.25

GAS OIL FUTURES

A further fall met short-covering at the resistance level of $268.00, basis August, which sparked a rally, fuelled by the strong New York opening and keen arbitrage buying, reports Premier Man.

Month	Yest'day's close	+ or —	Business Done
	$ U.S. per tonne		
July	262.25	[illegible]	[illegible]
August	269.00	[illegible]	[illegible]
Sept	270.00	[illegible]	[illegible]
Oct	272.25	[illegible]	[illegible]
Nov	274.00	[illegible]	[illegible]
Dec	276.25	[illegible]	[illegible]
Jan	277.50	[illegible]	[illegible]
Feb	280.00	[illegible]	[illegible]
March	280.50	[illegible]	—

Turnover: 5,080 (4,611) lots of 100 tonnes.

GOLD MARKETS

Gold continued to advance in active London bullion trading. Good demand pushed up the metal to $346-349, a rise of $5½ on the day. It opened at $337-338, and fell to a low of $336½-337½, but then rose under the influence of the easier trend in U.S. interest rates. Gold touched a peak of $352½-353½, and was fixed at $339.00 in the morning, and $352.50 in the afternoon.

In Frankfurt the 12½ kilo gold bar was fixed at DM 27,010 per kilo ($338.76 per ounce), compared with DM 26,850 ($339.73), and finished at $351½-353 against $342½-343½.

In Luxembourg the 12½ kilo bar was fixed at the equivalent of $337 per ounce, compared with $340.50.

In Zurich gold closed unchanged at $343-344.

BRITISH COMMODITY MARKET

BASE METALS

BASE-METAL PRICES continued to advance on the London Metal Exchange boosted by lower U.S. interest rates and the strength of gold although closing levels were well below the day's highs following trade selling and profit-taking. Copper closed at £857.5, [illegible]

SILVER

COCOA

COFFEE

GRAINS

WOOL FUTURES

COTTON

RUBBER

SOYABEAN MEAL

SUGAR

POTATOES

MEAT/FISH

PRICE CHANGES

INDICES

FINANCIAL TIMES

REUTERS

MOODY'S

DOW JONES

AMERICAN MARKETS

Monday's closing prices

EUROPEAN MARKETS

PETROCHEMICALS

LONDON FUTURES

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PERSONAL

TRAVEL

PROPOSED DEAL TO INJECT $65M INTO SAXON FALLS THROUGH

Penn Square failure hits oil group

BY PAUL BETTS IN NEW YORK

THE FAILURE 10 days ago of Penn Square, the Oklahoma City bank which had been active in energy-related lending, appears among other consequences to have dealt a blow to the rescue hopes of another small U.S. oil company.

Saxon Oil, of Dallas, Texas, is fighting for survival in the face of the increasing cash squeeze on the industry's balance sheets. It has been seeking ways to resolve its severe cash flow problems, caused mainly by high exploration costs and several technical problems arising from the development of its holdings in deep gas prospects in Oklahoma's Anadarko basin.

The company was on the verge of agreement with two groups of investors to inject an additional $65m of badly needed funds. But the proposed deal has collapsed, it said.

The agreement involved the acquisition of 80 per cent of Saxon's Oil's stock for about $25m by Mr James Linn, who has a substantial stake in the privately held Rock Island Refining Company, and Mr Gary Gray, president of Gibraltar Exploration. They said they would also arrange for $85m of additional bank credit for the company.

When the letter of intent was signed, Saxon said the credit would enable the company to meet its cash requirements for the rest of this year and for the whole of next year, including all scheduled drilling in the Fletcher field in the Anadarko basin and other previously budgeted operations.

But the investors had been unable to arrange acceptable financing "based in part upon their banking relationships and their assumptions concerning future gas prices under the company's gas sales contracts," said Saxon.

The investors had planned to obtain financing through Penn Square in conjunction with a participation by Continental Illinois of Chicago, the large bank which could lose as much as $150m before tax as a result of the Penn Square failure.

No immediate alternative financing sources were available after the collapse.

The gas sales contracts also appear to have played a major part in the collapse of the agreement. Saxon Oil had been unable to negotiate long-term high price contracts for its Oklahoma gas, making the deal increasingly less attractive.

The company had submitted an alternative proposal which the investors were willing to consider, it said. But it had also reopened discussions with its principal lender, Interfirst Bank of Dallas, about restructuring its existing debt of about $100m.

It was also exploring directly or through its investment banker "other means of resolving its cash flow deficits, including the sale of assets or a merger of the company."

"There can be no assurances that these efforts will be successful, but in the interim the company plans to take whatever steps are feasible to reduce expenses and capital expenditures," said Saxon.

It had decided with other working interest owners to plug and abandon the Rother well in the Fletcher field. The well, in which Saxon had a 25 per cent interest, was drilling at 16,500 ft in Oklahoma.

Bank losses from collapse may be $400m

BY DAVID LASCELLES IN NEW YORK

SEAFIRST, the largest bank in Seattle, disclosed yesterday that its losses from last week's collapse of the Penn Square Bank in Oklahoma, could amount to $125m, or as much as $40m more than that.

Including the losses estimated to have been borne by other banks and depositors, this means the collapse could entail total losses of well over $400m before recoveries—making it one of the largest failures of its kind in U.S. Banking history.

In comparison, the recent Drysdale Government Securities default which also shook the banking system, is estimated to have brought losses of about $300m before recoveries.

The House Banking Committee is to open hearings on August 11 into the reasons for the Penn Square failure, and attempt to determine whether U.S. bank regulators handled the crisis properly.

Seafirst, which bore the brunt of the failure along with Continental Illinois, Chicago's largest bank, said that it had reviewed the loans from Penn Square in which it had participated and other loans, and had decided to increase its loan loss provision by $125m, or $68m after tax.

But it said the review was incomplete, and that further additions of $40m, or $22m after tax, might be necessary. These estimates did not include potential recoveries, which it did not enumerate.

This provision is much larger than Seafirst had originally thought. When the crisis broke last week, the bank said that it would make a loss in the second quarter, but would still be ahead for the first half including the first quarter's profits.

It said yesterday, however, that it now expects to make a loss for the first six months.

Continental Illinois has already said that it expects to make a loss in the second quarter, though it has not said how much. Bank analysts say it must be at least $120m, and possibly $150m before tax.

Other banks have also suffered much smaller losses, including Chase Manhattan, Northern Trust of Chicago and Michigan National Bank.

The biggest blow could, however, be borne by depositors, who had placed more than the $100,000 insurable maximum with Penn Square. According to the Federal Deposit Insurance Corporation, there were about $190m in such deposits at the time of the collapse. It is not clear how much—if any—of this will be recovered.

Although Penn Square was a relatively small bank, its collapse has had wide repercussions because it played an important role in putting together energy loans for other banks, as much as $2bn. A large proportion of these loans went sour when the oil price softened last winter.

U.S. banks report reduced earnings

By Our New York Staff

TWO LARGE New York banks reported declines in profits yesterday as the harsh financial climate continues to take its toll.

Marine Midland Bank, which is owned by the Hongkong and Shanghai Bank, said second quarter earnings were $17.5m ($0.91 a share), down 17 per cent from $21m ($1.09) in the same period last year. The bank said profits had been affected by slower growth, a rise in bad debts and lower profits from trading, as well as higher costs connected with development plans.

The results brought Marine Midland's half-year profits to $39.1m ($2.04), down from $41.5m ($2.16) in the first half of last year.

Irving Bank Corporation, parent of Irving Trust, reported a 15 per cent drop in profits, from $22.8m ($2.71) to $20.2m ($2.39) in the second quarter, mainly because of lower net interest income and higher non-interest expenses. The bank was, however, able to reduce its loan loss provision, which helped to offset the decline.

Irving said net interest income was down because of a narrowing of the "spread" it obtained on loans, though the total volume of loans was up.

In the first six months, Irving earned $40.7m ($4.63), down 21 per cent from $51.6m ($5.87) in the first half of last year.

Mellon National, the largest bank in Pennsylvania, reported net income of $32m ($1.63), an increase of 14 per cent over $28.1m ($1.43) in the second quarter of last year.

Dollar bonds for EIB and American Medical

BY ALAN FRIEDMAN

PRICES of fixed-interest Eurodollar bonds fell by up to ½ point on average yesterday as the market reacted to firmer interest rates, and to the rise in the U.S. Federal funds rate to around 13½ per cent.

The six-month Eurodollar deposit rate increased by ⅛ per cent, to 15⅛ per cent, while Euro D-mark and Swiss franc deposit rates were each up ⅛ per cent. Eurobond traders regarded these interest rate movements and the drop in dollar bond prices as a correction of Monday's attempted recovery. "We don't have a rally yet," commented one dealer.

Beside's Mexico's record 18½ per cent $100m deal, two other borrowers launched issues yesterday in the dollar market.

American Medical International, the single A-minus rated hospital management group, came to market with two zero coupon bonds totalling a nominal $450m and an actual $49.25m of proceeds. The first issue is a $200m 15-year zero coupon bond priced at 14 per cent to yield the same amount on an annual basis.

The second issue is a $250m 20-year zero coupon bond priced at 8.25 per cent to yield an annual 13.29 per cent. Dean Witter Reynolds is lead-manager of both issues and Daiwa Securities will be one of the more active co-managers, involved in distributing the paper to Japanese investors.

The American Medical paper will be sold in $100 denominations, enabling retail investors in Europe and Japan to play an active role.

Union Bank of Switzerland Securities in London said last night it had received sufficient positive responses from co-managers to go ahead with a second $100m tranche of 15⅛ per cent 10-year Eurodollar bonds for the European Investment Bank priced at 99½. The first $100m tranche was launched last week despite wide-spread resistance from major London-based houses.

UBS says it will be taking slightly more than $50m of the second EIB tranche, while the same co-management group that launched the first tranche would take nearly $60m. Slightly less than $10m of the issue would be in the hands of underwriters.

Euro D-mark bond prices were down around ¼ point in light trading. The World Bank, as expected, has launched a DM 200m 9¼ per cent 10-year issue through Deutsche Bank.

In Switzerland, where bond prices rose ¼ point, the Swiss Bank Corporation is arranging for the private placement of a two-tranche issue for Kubota, the Japanese pipe and engineering group. The first portion is a five-year 7¾ per cent SwFr 40m issue and the remainder is a SwFr 20m six-year 7⅞ per cent offer. Both are priced at par.

From Tokyo comes word of a Y20bn 10-year samurai bond issue for Finland. The paper bears a coupon of 8.3 per cent at a price of 99.35 per cent, yielding 8.60 per cent. Lead manager is Nomura. A samurai bond is an issue in the Japanese capital market for a foreign borrower.

Warner-Lambert sees recovery

BY TERRY BYLAND IN NEW YORK

WARNER-LAMBERT, the New Jersey-based manufacturer of pharmaceuticals, non-prescription drugs, speciality foods and other health care items, has reported a significant upturn in sales of consumer products.

More than half the group's products—ranging from sunglasses and mouthwashes to pet foods—are sold in consumer markets. Mr W. Hagan, chairman, said yesterday that earnings for the second quarter, due this month, should show a 24 per cent gain on last year's 50c a share, reflecting a 12 per cent gain in sales, with international volume making a strong contribution.

Last year profits all but disappeared because of non-recurring charges for restructuring. Net income was $5m in 1981, against $193m the year before.

Mr Hagan predicted further strong growth in earnings through the management's plan to expand in the "high technology" area of the health care business.

A major boost to this policy would come from the recent $465m acquisition of Imed, the closely held private manufacturer of advanced intravenous infusion pumps.

The Imed purchase would be financed in the longer term by a major redeployment of assets, said Mr Hagan. This confirms the opinions of some Wall Street analysts that Warner's restructuring plans have not yet been completed.

There would be no write-offs, said Mr Hagan. Any capital gains involved could be sheltered from tax charges by existing tax losses.

The Imed acquisition would dilute group earnings by 12 to 13c in the current year, but dilution would be "no higher" next year and would disappear by 1984. The question of dilution has been a cause of some uncertainty among stockbroker analysts.

Chairman of United Artists quits

By Our Financial Staff

MR DAVID BEGELMAN, chairman and chief executive of the United Artists subsidiary of *MGM-UA Entertainment, has* left the company.

The film company, which changed its name from Metro-Goldwyn-Mayer Film Company in April, announced his immediate departure without explanation. It said Mr Begelman would be replaced temporarily by Mr Donald Sipes, president of MGM Film Corporation.

MGM-UA expected to announce a permanent replacement for Mr Begelman in the near future.

The departure of the United Artists chief follows six months of losses at MGM-UA and the appointment in February of Mr Frank Rothman as chairman and chief executive of the parent company.

After a strong first quarter, MGM plunged into losses of $5m or 10 cents a share in the second quarter ended February after poor attendances at its films during the Christmas season. This compared with profits of $3.6m or 11 cents.

It fared little better in the third quarter, with losses announced last week of $4.41m or 9 cents a share compared with profits last year of $3.45m or 10 cents. This left profits for the first nine months at a mere $406,000 or 1 cent against $12.7m.

IBM registers strong growth

BY OUR NEW YORK STAFF

IBM, the world's dominant computer manufacturer, announced second quarter earnings 24 per cent up on last year. The company also reported a 15 per cent gain in first half earnings compared.

In the latest quarter, the computer giant's earnings totalled $1bn or $1.68 a share on revenues of $8.1bn. Last year, earnings were $804m or $1.37 on revenues of $6.9bn.

For the first half, earnings rose to $1.77bn or $2.98 a share from $1.53bn or $2.62. Revenues were also up from $13.4bn to $15.1bn.

Mr John Opel, president and chief executive of IBM, said *period to period comparisons* continued to be affected by the stronger U.S. dollar against the currencies of other major countries where IBM does business.

He said: "The effects of currency rate changes on business volumes and operating decisions which have an impact on the income and expenses of non-U.S. operations cannot be quantified."

But if one disregarded these effects and assumed constant currency rates, revenues would have been about $800m higher, and earnings would have been about $200m greater in the first half of this year.

Earnings in the first half included exchange gains of $99m compared to $79m last year. Exchange gains in the second quarter totalled $67m compared to $52m.

Mr Opel said earnings "continue to be adversely affected by high inflation rates and economic problems in a number of major countries in which IBM does business." But orders continued to show a strong rate of growth over last year.

"Shipments have increased at a good rate over last year *with deliveries of the 3081* processor and the 3380 direct access storage device strong and expected to increase as the year progresses," he added.

Further loss for Kaiser Aluminum

By Our New York Staff

KAISER ALUMINUM and Chemical, the third largest U.S. producer of aluminium, has suffered its third consecutive quarterly loss. Mr Cornell Maier, chairman, sees some signs of a turnround in the industry but adds that "unfortunately that will not happen in time to avoid another loss (for the company) in the third quarter."

A net loss of $30m for the second quarter ended June compared with a net profit of $68.5m a year ago. At the half-way point Kaiser is showing a net loss of $54.9m against net profit of $136.6m or $3.18 a share.

Revenues fell 9 per cent in the second quarter to $840.2m and declined 10 per cent in the half-year to $1.6bn.

Mr Maier points out that aluminium demand has remained weak. Costs have continued to rise while world prices have fallen. Kaiser's shipments of aluminium have fallen by 20 per cent in the first half of this year to 402,300 tons. Mr Maier says that producers seemed to have stopped adding to their inventories and the current order rate is "holding steady in what is normally a time of seasonal decline." Prices, "while totally inadequate," appear to be bottoming out.

Warner Communications ahead

BY OUR NEW YORK STAFF

WARNER COMMUNICATIONS, the U.S. communications company— which owns Warner Brothers, the film studio, and the Atari electronic games concern, yesterday reported a strong gain in second quarter earnings.

In the latest period, earnings rose from $42.5m in the second quarter of last year to $68.2m. For the first half, earnings were also up sharply to $146m compared to $92m in the first six months of last year.

Revenues in the second quarter increased to $907m from $676m in the second period of 1981. First half revenues totalled $1.8bn compared to $1.3bn in the first half of the previous year.

The company attributed its strong performance largely to its consumer electronics division, whose sales rose 127 per cent to $461m in the latest period. The success of the Atari division has been a prime factor behind the continuing rise in Warner's quarterly income.

The company's music business suffered from the softness of the industry, while Warner's film entertainment business saw operating income increase by 8 per cent to $20m.

CBS, another major communications and entertainment company, yesterday reported *slightly lower second quarter* earnings of $46.1m compared to $46.8m in the same period last year. Revenues for the period increased from $998.4m in the second quarter of last year to $1.03bn.

IC Industries slides further

By Our Financial Staff

THE EARNINGS reverse in the opening three months of fiscal 1982 has persisted in the second quarter at IC Industries, the railroad-based group which has expanded into consumer products and services.

Second quarter profits declined from $28m to $18.8m, bringing half-year profits to $26.5m against $52.7m previously.

Primary earnings for the half-year were $1.16 a share, against $2.47 previously, with the second three months contributing 98 cents a share, against $1.33. Fully diluted earnings per share were $1.16 for the half year, against $2.12, and 87 cents for the second quarter, against $1.13.

Second quarter revenues declined by 4.6 per cent, from $1.04bn to $992.5m, though the fall was at a slacker pace than in the first quarter. Half-year revenues were 6 per cent down from $2.06bn to $1.93bn.

International Paper still affected by depression

BY OUR NEW YORK STAFF

SALES and earnings continued to fall in the second quarter at International Paper, the world's largest paper manufacturer. Mr Edwin Gee, chairman and chief executive officer, blames the "difficult economic environment"

Earnings from timber operations and from the cash portfolio were the chief contributors to profits in the second quarter, but Mr Gee fears that results from the manufacturing divisions will remain depressed until there is some sign of an economic upturn.

At the six-month stage, sales were 26 per cent down from $2.69bn to $2.03bn. Net earnings at $116m, fell 56 per cent, from $231.4m to $101.2m, but this total includes $17.2m from the sale of tax benefits. After allowing for this special gain, net earnings for the first half of the year are only $84m or $1.43 a share, with the comparable total adjusted downwards because of last year's land sales to $174.4m or $3.26 a share.

The second quarter brought a fall of 50 per cent in earnings —from $84m or $1.57 a share to $41.2m or 70 cents a share —which is slightly better than the fall recorded in the opening six months of the year. The chairman referred to the poor performance of the U.S. economy, weak export market prices and the continued high level of interest rates which has *reduced both demand and* paper products.

International Paper's lumber divisions are heavily dependent on the North American housing market which remains severely depressed. Sales of $1bn in the second quarter compared with $1.4bn.

Operating earnings were sharply lower than in fiscal 1981. Final net earnings of $239.6m against only $77.3m were boosted by the sale of the group's Canadian units.

Steady advance at Marriott

By Our Financial Staff

MARRIOTT, the U.S. hotels and food service group, improved second quarter earnings from $21.8m to $22.4m, or from 81 cents per share to 82 cents. Revenues rose from $463.6m to $600.9m.

The results took six-month earnings to $39.3m or $1.44 per share, compared with $36.2m or $1.35, on revenues of $1.12bn, against $876.2m.

The figures include an additional reserve of $3m or 6 cents a share recorded against receivables from Braniff International and its subsidiaries.

The company attributed its higher earnings to significantly larger hotel profits and improved results in restaurant and some contract food service operations. Operating income from the hotels in the quarter rose by 22 per cent on a 32 per cent sales gain. Restaurant sales and operating income rose by 16 per cent.

But profits from domestic airline catering fell.

Dana still in reverse

By Our Financial Staff

DANA, the U.S. motor components and industrial products group, has reported a *further decline in net earnings.* Second quarter net profits were $20.8m, or 57 cents a share, down 40 per cent from a year earlier. Sales declined 8.5 per cent to $663m.

This brought half-year net profits to $40.9m, or $1.13 a share, down 35 per cent from a year earlier. Sales fell 10 per cent to $1.32bn.

The latest half-year figures included, however, a 13 cents a share extraordinary loss from the devaluation of the Mexican peso and the closing of a UK subsidiary.

The year earlier figure included a 37 cents a share gain from the sale of a subsidiary. Excluding these items, interim net profits fell 10 per cent from a year earlier.

Owens-Corning losses mount

By Our Financial Staff

LOSSES CONTINUED in the second quarter at Owens-Corning Fiberglas, the leading U.S. producer of glass fibre products.

It announced a loss of $1.2m or 4 cents a share in the second period compared with profits of $11.9m or 39 cents a share for the corresponding 1981 period on sales down to $573.9m from $606.1m.

This left losses for the first half of $9.8m or 32 cents a share, compared with earnings of $22.4m or 73 cents last year, on revenues of $1.05bn against $1.15bn.

Dome gets go-ahead for Beaufort drilling

BY ROBERT GIBBENS IN MONTREAL

THE FEDERAL Government, through the new Canada Oil and *Gas Lands Administration,* has aproved the drilling programme of Dome Petroleum and Gulf Canada in the Beaufort Sea, 2,500 miles north of Calgary.

Dome's three drill ships will complete three existing wells, test and evaluate two others, and possibly begin another well. The cost is about C$400m (U.S.$314.7m), to be met largely by Federal incentive grants.

Gulf Canada's C$120m (U.S.$94.4m) programme will begin with two new wells to test the Tarsiut formation, already classified as a potential oil producer and located under shallow water.

A sizeable group of companies participates in all these operations besides Dome and Gulf. It includes Canadian Superior, Hunt Canada, Philbro Resources Canada, Norchem, Canterra Energy and Mobil Canada.

Husky Oil, owned by Nova Corporation, the big Calgary energy group, and Bow Valley *Industries have negotiated* an important farm-in agreement covering a 2.3m-acre permit area on the Scotain shelf of Canada's east coast. The permit holders are Onaping Resources, of Toronto, and Scotia Energy Resources, of Halifax, and two privately owned energy investment groups.

The area to be explored is in deeper waters to the east of the Sable Island gas fields, and the prime target is oil.

Drilling of three offshore wells will require about C$150m and interest up to 75 per cent will be earned in the acreage by Husky and Bow Valley. Drilling is due to start next year using two offshore rigs now being completed outside Canada.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices which will be published next on Wednesday August 18. Closing prices on July 13

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Aetna Life 15 88/97	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Amax Int. Fin. 15¼ 92	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Amex O/S Fin. 14¼ 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
ATT 14⅜ 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Baker Int. Fin. 0.0 92	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
BHP Finance 14⅜ 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Bk. Amer. NT SA 13 87	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Bk. Montreal 14⅝ 87	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Bque. Indo Suez 15 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
British Col. Hyd. 14⅝ 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Burroughs Int. 15⅝ 88	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Canada 14⅜ 87	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Canadair 15¼ 87	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Canadian Pac. 14⅜ 92	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Carolina Power 16⅜ 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
CIBC 16 87	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Citicorp O/S 15 84/92	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Citicorp O/S 15⅜ 85/87	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
CNA 15⅝ 87	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Con. Illinois 15⅝ 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Duke Pwr. O/S 15⅜ 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Dupont O/S Cap. 0.0 90	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
ECSC 14⅜ 87 (April)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
EIB 15⅝ 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Eksportfinans 14⅜ 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Gen. Elec. Credit 0.0 93	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Gen. Elec. Credit 0.0 93	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Getty Oil Int. 14 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
GMAC O/S Fin. 15 85	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
GMAC O/S Fin. 15⅛ 87	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
GMAC O/S Fin. 15 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
GMAC O/S Fin. 15 87	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Gulf Canada Ltd 14⅜ 92	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Gulf Oil Fin. 0.0 92	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Gulf Oil Fin. 14¼ 87	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Gulf States O/S 16 90	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Int-Am. Dev. Bk. 15⅝ 87	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Japan Dev. Bk. 15⅛ 87	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
New Brunswick 15⅜ 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Ontario Hydro 14⅝ 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Pac. Gas & El. 15⅝ 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Phillips Petrol 14 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
R. J. Reynolds O/S 0.0 92	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Saskatchewan 16 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Shell Canada 14⅝ 92	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Spain 15⅝ 87	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Superior O/S Fin. 14 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Swed. Exp. Cr. 15⅝ 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Swed. Exp. Cr. 14¼ 90	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Swed. Exp. Cr. 0.0 94	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Texas Eastern 15⅞ 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Union Carbide 14⅜ 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Wells Fargo I. F. 15 87	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
World Bank 14⅜ 87	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
World Bank 15⅝ 88	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Average price changes... On day [illegible] on week [illegible]

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. Bank 8⅛ 92	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Australia 8⅛ 91	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Austria 8⅜ 92	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Barclays O/S In. 8⅛ 94	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Bowater Int. Fin. 8⅜ 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Canada 8⅜ 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Comp. Tel. Esp. 10⅛ 92	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Cred. Foncier 8⅜ 92	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Denmark 10⅛ 92	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
EDF 9⅜ 92	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
EIB 8⅜ 92	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Int.-Am. Dev. Bk. 9 92	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nacnl. Financiera 11 90	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Norsk Hydro 9⅜ 92	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Philips Lamps 9⅜ 92	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Philip Morris 8⅜ 90	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Quebec 10⅜ 92	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Rente 10 92	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
SNCF 9⅜ 92	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Tauernautobahn 8⅜ 94	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Tenneco Int. 9 92	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
World Bank 9⅜ 92	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
World Bank 9⅜ 92	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Average price changes... On day [illegible] on week [illegible]

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Air Canada 6⅛ 92	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Asian Dev. Bank 7 92	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Aucalsa 7½ 92	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Australia 6⅜ 94	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Austria 6⅜ 94	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
BNP 7⅛ 92	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Cne. Nat. l'Energie 7 92	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
CFE-Mexico 8⅛ 92	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Co-op. Denmark 6⅞ 92	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Crown Zellerbach 6⅜ 92	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Europarat 7⅛ 92	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Ind. Fund Finland 6⅜ 92	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Japan Dev. Bank 6 94	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Kobe City 6⅜ 92	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Kommunlans 7⅛ 92	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Lonrho Int. Fin. 7⅞ 92	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Mitsui OSK 6⅝ 92	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nafinsa 8⅛ 92	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
New Zealand 6 92	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Philip Morris 6⅜ 92	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Philip Morris 6⅞ 94	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Renfe 7⅛ 92	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sekisui Pre. 5⅛ 92 WW	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Soc. Lux. de Cnt. 6⅝ 92	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Svenska Handelsb. 6⅜ 92	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Tiroler Wasser 6⅝ 94	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Vorarlberg Kraft 6⅜ 92	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Average price changes... On day [illegible] on week [illegible]

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
EIB 8⅜ 92	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Int.-Amer. Dev. 8⅛ 91	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Japan Airlines 7⅝ 87	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
New Zealand 8⅛ 87	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
World Bank 8⅝ 92	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Average price changes... On day [illegible] on week [illegible]

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Bell Canada 16 87 C$	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Can. Pac. S. 16½ 89 C$	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Crd. Foncier 17¼ 89 C$	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Gaz Metro. 17½ 89 C$	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
OKB 16⅜ 88 C$	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Q. Hyd. 16½ 89 (M) C$	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Quebec Prov. 16½ 89 C$	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
U. Bk. Nwy. 9½ 90 EUA	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Amro Bank 10 87 Fl	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Bk. Mees & H. 10 87 Fl	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Eurofima 10⅝ 89 Fl	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Ireland 10⅝ 87 Fl	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Phil. Lamps 10⅜ 87 Fl	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
World Bank 10 87 Fl	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
OKB 14 86 FFr	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Solvay et C. 14⅜ 86 FFr	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Beneficial 14⅜ 90 £ (D)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
BFCE 14⅜ 87 £	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
BNP 13⅛ 91 £	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
CECA 13⅜ 88 £	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Fin. Ex. Cred. 13½ 86 £	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Gen. Elec. Co. 12⅝ 89 £	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Hiram Walker 14½ 86 £	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Norsk Hydro. 14⅜ 87 £	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Privatbanken 14⅜ 88 £	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Quebec 15¾ 87 £	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Reed (Nd) NV 16⅛ 89 £	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Royal Trustco 14 86 £	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
SDR France 15½ 92 £	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Swed. Ex. Cr. 13⅛ 86 £	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Eurofima 10⅝ 87 LuxFr	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
EIB 9¼ 88 LuxFr	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Allied Irish 5⅛ 92	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Bk. of Tokyo 5⅛ 91 (D)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Bk. Nova Scotia 5⅛ 93	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Japan Dev. Bk.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
BFCE 5⅛ 88	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
BFCE 5⅛ 87	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
BNP 5⅛ 89 WW	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Caisse Nat. Tele. 5⅛ 90	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
CCCE 5⅛ 2002	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
CEPME 5⅛ 92	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Chemical NY 5⅛ 94	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
CIBC 5⅛ 94	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Cons. Illinois 5⅛ 94	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Continental Ill. 5⅛ 92	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Credit Agricole 5⅛ 97	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Credit du Nord 5⅛ 92	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Credit Lyonnais 5⅛ 92	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Credit Lyonnais 5⅛ 94	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Credit Nat. 5⅛ 94	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Ireland 5⅛ 89/94	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Kansallis Osake 5⅛ 92	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Lloyds Eurofin 5⅛ 93	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Long Term Cred. 5⅛ 92	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Midland Intl. 5⅛ 93	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nat. West. Fin. 5⅛ 91	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
New Zealand 5⅛ 87	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nippon Credit 5⅛ 90	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Offshore Mining 5⅛ 91	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
PKbanken 5 91	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Scotland Int. 5⅛ 92	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sec. Pacific 5⅛ 91	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Societe Generale 5⅛ 95	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Standard Chart. 5⅛ 91	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sweden 5⅛ 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Toronto Dom'n 5⅛ 92	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Average price changes... On day [illegible] on week [illegible]

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Ajinomoto 5⅜ 96	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Bow Valley Inv. 8 95	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Bridgestone Tyre 5⅛ 96	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Canon 6⅜ 96	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Canon 7 97	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Chugai Pharm. 7⅛ 96	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Fujitsu Fanuc 4⅛ 96	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Furukawa Elec. 5⅛ 96	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Hitachi Cable 5⅛ 96	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Hitachi Cred. Cpn. 5 96	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Honda Motor 5⅜ 97	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Kawasaki 5⅝ 96	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Marui 6 96	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Minolta Camera 5 96	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Minorco 9⅜ 97	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Murata 5⅜ 96	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
NKK 8⅜ 96	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nippon Chemi-C. 5 97	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nippon Electric 5⅛ 97	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Orient Finance 5⅜ 97	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sanyo Electric 5 96	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sumitomo Elec. 5⅛ 97	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sumitomo Met. 5⅝ 96	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Swiss Bk. Cpn. 6⅝ 90	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Konishiroku 8 90 DM	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Mitsubishi H. 6 89 DM	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

* No information available—previous day's price.
† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. C.cpn=The current coupon. C.yld=The current yield.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

Flick sees sales and profits rise

BY JONATHAN CARR IN DUSSELDORF

FRIEDRICH FLICK, the industrial group which is one of West Germany's biggest family businesses, is forecasting higher sales and improved earnings this year after sharp setbacks in 1981. But it is still not happy about its overall performance.

Dr Friedrich Flick, managing board chairman, said total external sales of the group's consolidated companies had risen by 11 per cent in the first half year (to end June) to DM 4.5bn ($1.82bn).

Almost all companies had also achieved better earnings, Dr Flick said, though the results of only two of them—the paper producer, Feldmühle, and the special steels concern, Edelstahlwerke Buderus—could really be called satisfactory.

He stressed that it remained unclear when a firm economic upswing would emerge at home—bringing the boost to the capital goods and building sectors on which Flick greatly depended.

Further, foreign demand—which had been the mainstay of business so far—had begun to slacken and it was impossible to tell if this was only temporary.

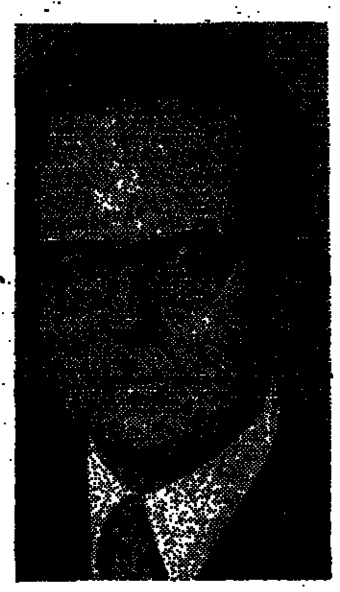
Dr Flick's worries are shared by many German industrialists—just as the performance of his companies closely reflects the development of the West German economy as a whole.

The annual report for 1981, now released, shows a fierce profits squeeze — because of drastic increases in energy, raw materials, labour and interests costs which could not be wholly passed on in higher prices.

At first sight the rise in the net profit figure to DM 142.7m from DM 77.6m in 1980 seems to tell a different story. But this boost is mainly the result of extraordinary income, for example, through the sale of Flick's stake in the U.S. Filter Corporation.

The holding company had to take over losses of DM 38.5m from the chemicals and explosives group, Dynamit Nobel (whose sales, however, rose by 11 per cent to DM 2.8bn). And it sustained a loss of DM 25.6m from the Buderus group (of which Buderus Edelstahlwerke is just one part).

Much of the Buderus loss was due to the slump in sales in the defence sector of Krauss-Maffei, the Munich-based member of the group which saw turnover drop by DM 410m to DM 905m.



Dr Friedrich Flick

The sharp swings in Krauss-Maffei results, a characteristic of companies heavily involved in defence orders, often tend to distort the picture of Flick's performance. Overall group external sales rose by only 2.4 per cent (to DM 8.6bn) last year if the defence work of Krauss and Maffei is included — but by more than 8 per cent if it is not.

Dr Flick was visibly happy to report that the U.S. chemicals concern, Grace, in which Flick has a stake of more than 25 per cent, increased net earnings last year by 25 per cent to $361m. He added wistfully that the U.S. concern had "an earnings power that cannot be achieved by most European companies."

First half 1982 company performances were given as: Buderus Group. External sales up by 16 per cent to more than DM 1.7bn. Krauss-Maffei sales alone were up by 46 per cent to DM 508m, thanks to increased deliveries of Leopard-2 tanks.

Dynamit Nobel. Sales up by 8 per cent to more than DM 1.4bn, despite disappointing results in plastics processing.

Feldmühle. Sales up by almost 10 per cent to more than DM 1.2bn, with exports increasing by almost 18 per cent. The group benefits since the German paper industry is less affected by the general economic downturn than most other sectors.

AEG poised to receive more aid from Bonn

BY KEVIN DONE IN FRANKFURT

AEG-TELEFUNKEN, the financially-stricken West German electrical and electronics group, is expected to receive emergency support from the Federal Government and from its banking consortium today to stave off the danger of an imminent financial collapse.

The West German Cabinet is likely to signal readiness at its meeting today to grant a DM 600m ($243m) loan guarantee to cover specific major capital equipment orders won by AEG in foreign markets.

Despite its financial difficulties AEG has continued to win major foreign orders, but this flow of new work has come under threat because of the company's tight liquidity position.

The usual performance bonds and other guarantees which must be lodged when big export contracts are signed would usually be financed under AEG's existing lines of credit but these are virtually exhausted.

The DM 600m export order loan guarantee expected from Bonn will cover financing needs during manufacture plus performance bonds. AEG's banking consortium has made it clear that it would not increase its already high exposure to AEG without parallel action from Bonn.

The banks themselves are expected to grant AEG further general liquidity of around DM 275m — given a positive decision from Bonn — albeit against specific collateral. It is thought this could include securities against certain AEG shareholdings in companies such as Telenorma, held jointly with Bosch, or AEG-Kabel, held 98 per cent by AEG.

It is understood that some participants in the existing 24-member AEG banking consortium have refused to take part in the latest liquidity action. But in total they are thought to represent only around 5 per cent of the consortium. Included in the refusals are the one foreign member, the Schweizerische Kreditanstalt, and some private German banks.

Final details of the action to be taken by the banks and by the Federal Government were hammered out yesterday in Bonn at a meeting between Count Otto Lambsdorff, the Federal Economics Minister, and Herr Manfred Lahnstein, the Federal Finance Minister, and representatives of AEG and the banks. The Ministers will report to the Cabinet today.

Measures by both Bonn and the banks are designed to win a desperately-needed breathing space for AEG in which it can realise its ambitious rescue strategy—"AEG-83."

This includes the breaking up of the company into separate companies for capital goods and consumer goods manufacture and the involvement of an industrial partner — potentially General Electric Company of the UK—as a minority shareholder (40 per cent) in the proposed capital goods business, AEG-Technik.

Borel receives counterbid

BY OUR FINANCIAL STAFF

JACQUES BOREL INTERNATIONAL, the French catering group which is the takeover target of hotels chain Novotel, has received a counterbid from Sodexho.

Sodexho, which owns 15.4 per cent of Borel and aims to increase this shareholding to a controlling 50.01 per cent, is offering FFr 178.50 a share. The offer matches the level at which Borel shares were last traded—they were suspended last month—and it is backed by Codec-UNA, a company which has a 27 per cent stake in Borel.

The new bid runs counter to an offer for Borel made earlier this year by Novotel. At the end of 1980, following a string of annual losses and a management upheaval at Borel, Novotel acquired Borel's hotels division (Sofitel) in a deal which gave Borel a major shareholding in Novotel.

Borel's fortunes recovered sharply last year with operating profits for 1981 climbing to FFr 69.5m ($10.1m) from FFr 17.2m in 1980.

Sodexho said yesterday that if it does not acquire the minimum 34.60 per cent of Borel it is aiming for, it will undertake to acquire 18 per cent of the company

KBB calls in consultant

BY WALTER ELLIS IN AMSTERDAM

KBB, the leading Dutch department stores group, which incurred a loss of nearly Fl 35m ($12.8m) last year, is to call in the McKinsey Investigation Bureau to suggest ways of improving its business.

KBB (Koninklijke Bijenkorf Beheer) runs the Bijenkorf, Hema, Maxis, Praxis and Perry Sport stores, and is not yet thought to be back in profit despite measures taken last December designed to cut the workforce and streamline activities.

The group said yesterday that the decision to call in McKinsey was, however, no despairing clutching at straws but an attempt to restore a competitive position at a time when trading generally was difficult.

Next month, KBB has to reach an accord in principle with its workforce on wage increases for 1982-83, and it will also be possible then to present to the unions a review of the company's performance over the last six months.

The group has already spent a lot of money on modernising its stores. But the cost of debt financing has proved considerable and the group has so far been unable to break the cycle of decline.

INTERNATIONAL APPOINTMENTS

Changes at Bank of Ireland

● Mr Mark Hely Hutchinson will succeed Mr R. Ian Morrison as chief executive of the BANK OF IRELAND group at the end of the current year. Mr Morrison will become a deputy governor of the bank having been chief executive for the past 18 years. Mr Hely Hutchinson who has been a director of the Bank of Ireland since 1975 joined the Guinness Group in 1958 and in 1973 was appointed an executive director of the parent company, Arthur Guinness Son and Co. Since 1977 he has been managing director of Guinness Ireland. He is chairman of the National Enterprise Agency. He will be relinquishing his appointments with Guinness and will become chief executive—designate of the Bank of Ireland Group on October 1.

● Mr James R. Beasley has been promoted to senior vice president and general manager of BUTLER ASSOCIATES, INC. Tulsa, Oklahoma, a wholly-owned subsidiary of Willbros Energy Services Company which is in turn a wholly-owned subsidiary of Williams International Group, Inc.

● WANG LABORATORIES, INC., Lowell, Massachusetts, has appointed Mr Louis W. Cabot and Mr Richard A. Smith as directors. Mr Cabot is chairman of Cabot Corp. and Mr Smith is chairman and president of General Cinema Cpn.

● Mr Peter Hooper has been appointed chief executive North America for the BANK OF IRELAND. Mr Hooper was formerly head of the Bank's corporate banking department in Dublin.

● Mr Geoffrey R. Cross, formerly managing director of ICL, has been appointed to the board of OFFICE TECHNOLOGY. Mr Cross, who lives in the U.S., will play a special role in assisting OTL's activities there.

● SCEPTRE RESOURCES CALGARY, has appointed Mr N. D. Knowles as vice-president, operations, with Sceptre's wholly-owned subsidiary, Francana Oil and Gas. Mr S. G. Weber has been appointed vice-president, Finance. He retains his previous position of treasurer and chief financial officer.

● HARRIS CPN. has established a new operating division to centralise its activities in designing and building privately-owned communications systems, and has recruited the engineering chief of Alaska's showcase system to head the division. Mr George P. Roberts, who will, be vice president-general manager of the telecommunication networks division, headquartered in Melbourne, Florida.

● EL PASO EXPLORATION Company has made several executive changes: Mr L. G. Truby, vice president of production, has been elected a senior vice president with responsibility for the accounting tax and administrative functions. Mr Carl E. Matthews, Northwest regional manager of production in Farmington, N.M., has been elected a vice president with responsibility for drilling and production activities. Mr Hays R. Warden, director of accounting for The El Paso Company, has been elected controller and assistant treasurer. Mr Edward J. Coel, director of production, has become an assistant vice president and will be responsible for UK drilling and production activities. Mr P. K. Odell, director of administration and forecast, has been appointed an assistant vice president and will continue to be responsible for these functions. All of the executives are based in El Paso, Texas.

● Mr George Hilditch, branch manager of SWETT AND CRAWFORD'S New York office, has been appointed assistant vice president. He continues to be responsible for the development and masketing of production in the New York area.

● Mr Gerald L. Gitner has been designated senior vice president—planning and finance at PAN AMERICAN WORLD AIRWAYS. Mr Gitner was formerly senior vice president—marketing and planning.

Mr William H. Waltrip is to resign as president and chief operating officer of Pan American World Airways to accept the post of president and chief operating officer of Purolator, Inc. on July 15. Mr Acker, chairman and chief executive, will assume the additional responsibilities of president and chief operating officer.

● Mr William E. Sanders has been named vice president—corporate personnel and employee relations for SEARS, ROEBUCK AND CO. He succeeds Mr Charles F. Bacon, who is retiring.

● Mr Albert J. Bissmeyer III has been reappointed a vice president of PHILIP MORRIS U.S.A., from August 1. Mr Bissmeyer had been on loan since 1979 to The Seven-Up Company, another Philip Morris Incorporated operating company headquartered in St. Louis, Missouri. Mr Bissmeyer will relocate to the New York area after August 1. At Seven-Up, Mr Bissmeyer was senior vice president, corporate marketing, and then senior vice president, corporate planning and development.

● Mr Robert B. Lennox, president of GENERAL INSTRUMENT EUROPE, has been given additional responsibilities as managing director of the firm's Clare International Division which has headquarters in Chicago.

Mr Lennox has been president of General Instrument Europe for five years. He joined the firm in 1977 after a 26-year career with General Electric Company as president of GE Germany; European general manager of Consumer Electronics in Italy and vice president and general manager of Consumer Products, Mexico.

Korea favours merger of Dow units

BY ANN CHARTERS IN SEOUL

THE KOREAN Government will not oppose the merger of Dow Chemical Korea, the wholly owned unit of Dow Chemical of the U.S., and Korea Pacific Chemical Corporation, in which Dow holds a 50 per cent stake, if the companies accept the integration, Mr Chang Sang-Hyon, director-general of the Ministry of Commerce and Industry said yesterday.

He said that although Dow had not requested any assistance in contacting the Korean shareholders in KPCC, he would arrange for Dow to have a chance to present its case, if it wished.

Mr John Hagaman, Dow Chemical's vice-president for Pacific operations and general manager in Korea, indicated that in principle the Government thinks the merger is in the best interests of the Korean petrochemical industry. Dow, however, had seen little evidence that the Government is prepared to play an active role in the merger.

Dow has been pressing for the merger for about 18 months to improve the efficiency of the two companies. Together they run up losses of about $60m in the past two years.

A contributing factor, Dow says, is the lack of experience of the Korean directors and senior officers in the joint venture. Dow's desire to replace them and merge the companies has strained relations between the U.S. company and the Koreans.

The Korean partner in KPCC is the Korean Pacific Chemical Holding Company which is listed on the Korea Stock Exchange and apparently has some 2,000 investors. KPCHC is represented in the joint-venture by four Korean directors who failed to show up at a recent board meeting when the merger was scheduled to be discussed.

"While on paper KPCC looks like a private enterprise," Mr Hagaman stated, "the Korean Government determines who the Korean directors and officers are." When the joint-venture company was founded 14 years ago, Dow's partner was a government-owned company. Although the company was later sold to private investors, the Government reserved the right to determine the directors. The Government says they only recommend directors to the shareholders.

Mr Chang indicated that since the Korean Government expects the participation of foreign companies, joint ventures and foreign technical co-operation in the country's long-range development plans, it is concerned about Dow's difficulties and that the minister himself is trying to resolve the issue.

Mr Hagaman indicated that he hoped the Government is serious this time and that unless the Government gets involved the situation will only get worse.

"The idea of contacting the Korean investors in the holding company directly might be interesting," Mr Hagaman said. "At the time the idea of a merger was first raised, over a year ago, the price of the KPCHC stock rose for two days until the directors vetoed the idea."

Dow is the largest foreign corporate investor in the country with in excess of $130m in equity invested in both companies.

Net profits at Koor stay ahead of inflation

By L. Daniel in Tel Aviv

KOOR, the industrial holding company of the Israel Labour Federation, reports net profits for 1981 of Sh 1.6bn ($120m at the end of 1981 exchange rate). If the share of local and foreign partners in the company's enterprises is deducted, Koor netted Sh 825m, a rise in real terms, after allowing for inflation, of 17 per cent. The return on the company's capital rose to 7.7 per cent from 6.9 per cent in 1980.

Total investments by the group last year came to $206m (with Koor itself spending $125m) and a similar rate of investment is programmed for the current year.

Despite the fact that both local and foreign demand has not risen as much as had been expected, last year's exports by Koor Enterprises came to $452m, up 15 per cent on 1980. Exports in the first half of this year reached $200m and although this represented a rise of 4 per cent on the first half of 1981, it fell 20 per cent short of target.

In all, 30 per cent of output is exported, the four leading enterprises being Tadiran Electronics ($140m in 1981), Mahteshim - Agan, which manufactures pesticides and other agricultural chemicals ($103m), Alliance Tires ($43m), and Soltam, which makes shells and other military hardware ($42m).

HK suspends Japanese owned commodity trader

BY ROBERT COTTRELL IN HONG KONG

A MAJOR trading company on the Hong Kong Commodity Exchange, National Commodity Traders, has been suspended pending an official audit of its financial affairs. No comment was available from National yesterday, but it has been particularly active in trading gold contracts.

The order, which comes from Hong Kong's Commissioner for Commodities Trading under the Colony's Commodities Trading Ordinance, suspends National's legal registration as a commodities trader. The order will remain in force until the audit has been completed.

National is locally registered, but owned by Japanese interests. Japanese traders have been a driving force in developing the HKCE, which now has 154 full members.

The HKCE said statistics for the first half of 1982 show National accounted for 30 per cent of HKCE gold futures trading, 2.5 per cent of soybeans futures and 0.3 per cent of sugar futures.

Share issues expected for majority of Israeli banks

BY OUR TEL AVIV CORRESPONDENT

THE MAJORITY of Israeli banks are expected to receive Treasury permission to float new shares in the next few weeks. The Controller of Banking estimates that they will have to raise a total of Shl 7bn ($280m) to prevent the erosion of their own capital by inflation.

United Mizrahi Bank, the country's fourth largest, has already said it intends to raise Shl 600m ($24m) on the local stock market.

The "big three"—Bank Leumi, Bank Hapoalim and Israel Discount Bank—will decide on their policies once they have heard the Treasury's views.

Unless the political situation changes drastically, the banks should have little difficulty in placing the issues since banking shares, which account for more than 80 per cent of the value of all shares on the Tel Aviv market), are regarded by the public as both a kind of gilt-edged investment and as liquid assets despite the recently imposed 2 per cent levy on sales of all securities.

Japanese bankers rush to California

BY LOUISE KEHOE IN SAN FRANCISCO

"OUR POLICY towards Japanese banks, and all foreign banks, is to allow them the same rights and privileges as U.S. banks." That is the official view of the Federal Reserve Board. In the eyes of many U.S. banks, however, the "rights and privileges" allowed to foreign banks in the U.S. go too far.

Like many industries in the U.S., Californian banks are feeling the threat of Japanese competition. They claim that the Japanese have access to low cost funds which American banks cannot attract, and that U.S. banking laws have given the foreign banks an unfair advantage by allowing them to establish nationwide networks of agencies and branches.

Japanese banks have been particularly aggressive in building up their operations in California where they represent the largest foreign group of banks in the state.

In the 1970s Japanese banks rapidly expanded their overseas operations establishing an average of 36 new overseas offices per year. Starting almost from scratch in the early 1970s Japanese banks opened branches and agencies in the major banking centres of the U.S.—New York, Chicago and California. Today, most of the major Japanese banks are represented in the U.S. and now over half of the more than 400 overseas offices maintained by Japanese banks are in California.

"The expansion of Japanese banking in California can largely be explained by the rise in Japanese trade with the U.S.," according to an official of the Federal Reserve in California "They followed their own customers into the U.S. market place" California is attractive to Japanese banks because there is a large Japanese population here, because it is the closest US state to Japan, and because many Japanese companies do business here," adds an executive of one of the Japanese banks.

Building upon this "base load" of Japanese business in California, several of the larger Japanese banks have, however, gone on to attract business from U.S. companies and consumers. Japanese banks now represent a major source of funds for Californian companies.

Last year Japanese banks were one of the fastest-growing sources of business loans in the U.S., according to a recent industry study. Together they are estimated to have booked $19.7bn in U.S. commercial loans, up 21 per cent from the previous year.

Currently 15 Japanese banks are represented in California and eight of them own California chartered banks — in effect domestic banks. Those without Californian charters maintain "agencies" which are empowered to grant loans, but not allowed to take domestic deposits. These agencies operate exclusively in commercial and wholesale banking.

Several of the Japanese-owned Californian banks also concentrate on business banking, although they are able to raise funds from domestic deposits too. A typical example would be the Japan California Bank, which is owned by Dai-Ichi Kangyo Bank, the biggest of Japan's 13 City banks in terms of deposits. Dai-Ichi Kangyo maintains an agency office in Los Angeles, while its U.S. subsidiary has two branches, in the industrial centres of San Jose and San Diego.

The larger Japanese banks have, however, built up chains of full service branches throughout the state, often through the acquisition of an existing domestic bank. The largest includes the California First Bank, owned by the Bank of Tokyo, and Sumitomo Bank of California with 51 branches. Mitsubishi Bank has stated its intention of expanding its Mitsubishi Bank of California subsidiary, and Sanwa Bank has established a network of branches through its acquisition of Golden State Bank.

California First Bank, a 78 per cent owned subsidiary of the Bank of Tokyo is the largest Japanese-owned California bank. With assets of $4.1bn and deposits of $3.5bn California First, with headquarters in San Fransisco, is the seventh largest bank in the state, in terms of deposits, and ranks around 50th in the U.S.

It was formed in 1975 by the Bank of Tokyo of California, with approximately 20 branches throughout the state, acquiring Southern California First National Bank, which had over 70 branches. Since the acquisition, California First has built up its branch network, adding four or five branches per year to a total now of 112.

California First is one of only two Japanese owned banks in California to have emphasised retail banking — the second being Sumitomo Bank of California.

As the name of the bank implies, California First is anxious to present itself as a domestic bank. Japanese ownership is not, however, a handicap in attracting business in California, according to Mr Ikenaga.

But in today's business climate, comunity banking does not do much for the profitability of U.S. banks. Accordingly, California First is now expanding its commercial banking activities, which currently account for just over a third of the bank's business. Unlike most Japanese banks here, California First says that only one fifth of its commercial loans go to Japanese (or Japanese affiliate) companies. Most — approximately $800m last year — went to American companies.

The Major uncertainty facing all U.S.-based banks, including the foreign owned, is a looked-for deregulation which would allow interstate banking. Many U.S. bankers believe that foreign banks, in particular the Japanese, will be at an advantage when and if interstate banking is allowed.

They argue that Japanese banks have already built up a network of interstate branches. Prior to the 1978 International Banking Act (IBA), foreign banks were allowed to establish offices throughout the U.S., subject to state laws. U.S. banks, on the other hand, are largely restricted to their home states. The IBA forced foreign banks to declare a "home state" and forbid their expansion outside that state. By then, however, Japanese banks had already established themselves in the major banking centres of the country.

"The existing networks of branches and agencies give the foreign banks a technical advantage" concedes the Federal Reserve, but it also points out that there are some U.S. banks that also have branches outside their home states. Another peculiarity of U.S. banking law that works in favour of foreign banks is that whereas the foreign bank can open an "agency" office anywhere to offer loans, there is no equivalent freedom for U.S. banks. The lending power of foreign bank agencies is very high, since it is based on the assets of the parent bank. U.S. banks can and do operate loan offices—so-called Edge Act corporations—outside their home states, but these are allowed to do only international business.

While Japanese banks may be well placed to take advantage of U.S. banking deregulation they have a growing problem of their own sparked by trade frictions between the U.S. and Japan. In California, feelings run high on the issue of "the Japanese threat" and some Japanese bankers fear a backlash will hit their business.

INTL. COMPANIES & FINANCE

Biotechnology finance fades

BY CHRIS SHERWELL RECENTLY IN NEW YORK

The U.S. investor's enthusiasm for biotechnology stocks has cooled against the background of the financial squeeze that is being felt in the area, only in part as a result of the U.S. recession. The stocks are now seen as offering longer- rather than short-term gains. A series of setbacks has left the sector with its first bankruptcies, and with a shaking out of weaker companies looked for in coming months. The resulting difficulties in the raising of finance means that companies in the field must now look for new ways of raising finance. Equity issues have met a poor response in several cases, and among the avenues now being explored are those of joining with bigger concerns

THE RAPIDLY evolving biotechnology industry in the U.S. is facing a financial squeeze which has already produced the first bankruptcies in the field and is expected to result in a major shake-out of weaker companies over the coming months. Even the most respected biotechnology corporations are seeing investor interest wane as the early optimism continues to evaporate.

While part of the problem has been the recession, there have also been misunderstandings about the sensational laboratory techniques which first spawned the industry. Those techniques—of gene splicing (recombinant DNA technology) and of cell fusion (hybridoma technology)—look capable of revolutionising medicine, agriculture, and industrial chemistry. But for the moment most of their strength lies in their potential.

As a result there has been a growing realisation that business opportunities in microbiology have little in common with those in semi-conductor electronics. This has dulled the lustre of an industry whose bright prospects initially seized the public imagination and allowed infant companies like Cetus to raise $107m and Genentech $38.5m when they went public. In its first hour of public trading last year, Genentech's stock rose from $35 to $89.

A catalogue of recent setbacks illustrates the seriousness of the upheaval confronting the fledgling industry:

● In February, Bethesda Research Labs, a private concern, began a major corporate restructuring programme involving lay-offs for more than one-third of its employees.

● In May, Southern Biotech of Tampa, Florida, having gone public last year and raised less money than hoped, ran out of cash, and is being sued by creditors and employees. Previously the only company in the field reported to have closed was Biotechnologies Inc of Connecticut.

● Recent initial offerings by biotechnology companies going public have been cut in price and in number of shares. In February Collaborative Research, initially priced at $13-$17 a share and with 1.5m shares, came out at $11 a share with 1.3m shares. Last year Hybritech, initially aiming at $18-$20 a share for 2m shares, cut its issue to $11 for 1.1m shares.

● Shares of the leading biotechnology corporations are at or near their worst levels. Over the past year Genetech shares have fallen belo $30, while Cetus has dropped below $10, having moved close to $80 previously. A biotechnology stocks index compiled by James Karel and Glenn Holderreed of Dean, Witter, Reynolds in California hit a low point of 63.52 at the end of last month (April 24, 1981=100) at a time when the Dow Jones index stood around 78 adjusted to an equivalent basis.

● Analysts point out that many biotechnology companies face problems in scalnig up processes developed in the laboratory, feel somewhat hemmed in by regulartory requirements concerning their research, techniques and products, and need more highly skilled scientists than are presently available. In addition, there is increasingly powerful competition from Europe, including Britain, and from Japan.

There is general agreement that a shake-out in the U.S. industry has begun. Glenn Holderreed estimates that of the 38 publicly quoted biotechnology corporations, "some 10 to 20 per cent won't be around in 24 months' time." Nina Siegler of Paine Webber Mitchell Hutchins foresees a year of attrition as weaker companies lose access to funds.

As the enthusiasm of the equity markets has dissipated itself, the industry has cast round for other sources of cash and come up with several alternatives.

● Contract research. For the hundreds of private companies in the industry, this remains a key source of funds. Arrangements vary: the biotechnology company's research may be funded by a major corporation which will develop an emerging product for the marketplace, but the company may equally look for an "up-front" payment for work done or for royalties from a corporation which will then manufacture and market a product.

● Joint Ventures. Increasingly, large corporations are establishing joint ventures with biotechnology companies rather than doing the work themselves. A subsidiary of Syntex has linked with Genetic Systems in a $9.5m 50-50 joint venture working on hybridoma technology, for example. On a more elaborate scale, Corning Glass has set up a new company with Genentech called Genencor to investigate industrial enzymes and chemical processes.

● Acquisitions. Johnson and Johnson has bought $14m-worth of stock in Enzo Biochem and put up $6m for research. In the process it has acquired exclusive rights to Enzo Biochem's most exciting product, called DNA Probe.

These various types of financial injection, however, while necessary to sustain biotechnology companies, are not certain to produce the hoped-for results.

"When they developed the hand-held calculator," says Nina Siegler, "it was a product that could be sold and which could generate a cash flow. As the technology evolved, product lines closed and improved products came on the market; it was possible to see which way the industry was headed and to invest accordingly, in research, production, or marketing."

The biotechnology field is different, she says. "You can see the prospects opened up by recombinant DNA technology or by hybridoma technology. You can also see the opportunities created by large-scale production of insulin, or of interferon, or other drugs. But it takes time to perfect the techniques, apply them to mass production and to test and certify the small fraction of products which are promising as drugs. People didn't appreciate that the returns on investment might take a decade or more—and are still far from guaranteed."

This, she says, has been the problem with interferon. Traditionally with a new drug a company would spend years developing it, analysing its promise and funding research for one purpose or withdrawing money for another. But this happened behind closed doors. With interferon everybody knew that recombinant DNA technology permitted its easier production, and that it might be helpful in the treatment of cancer, certain viruses or even the common cold. But under the glare of publicity, the changing assessments of interferon have become the changing fortunes of companies working on it.

Genentech has also suffered the consequences of this sort of problem over its bacterially-derived human growth hormone, which might be used to trean dwarfism. Only last week its stock came under pressure on Wall Street because of increasing rumours of problems in clinical trials. The rumours had stemmed from announcements made at a scientific meeting.

Biotechnology companies clearly have trouble sustaining confidence in their work. The price of Cetus shares slipped last month when it was announced that Standard Oil of California (Socal) was pulling out of an arrangement with Cetus after doubts emerged over a project involving the development and mass production of 100 per cent fructose, the sugar found in honey which is sweeter than sucrose.

On insulin, which is traditionally extracted from the pancreas of pigs and is used to treat diabetes, interest has suddenly grown in the recent launch of human insulin by Novo Industri of Denmark. This has come ahead of its main competition Eli Lilley and Co., which pays royalties to Genetech for the original cloning of the relevant genes. Assessments of Novo's product, made by a different process, could greatly influence judgments of the companies' future prospects.

The biotechnology companies, as they fight to develop their research findings, clearly face an equally tough battle to prove their standing and to remain flush with funds. It is a battle many of the companies will lose. But it is also likely that several strong biotechnology corporations will emerge with strong balance sheets and a degree of independence which will help bring microbiology's promise to fruition.

WORLD STOCK MARKETS

Dow up slightly at mid-session

WALL STREET moved narrowly higher at mid-session after trading slightly easier most of the morning.

The Dow Jones Industrial Average lost 3½ points in morning trading but changed direction and was up more than a point at midday. Advances edged out declines by a margin of about 20 issues on volume of about 35m.

Analysts attributed the morning's weakness to profit-taking after the market's steep gains of the prior two sessions.

Analysts noted that the market resumed its move upwards after IBM announced a 22.6 per cent gain in second quarted earnings, to $1.68 a share.

Wall Street had been expecting a poor showing from second quarter corporate earnings and analysts said IBM's performance may have alleviated some of those concerns.

IBM rose to the top of the active list after announcing its earnings and gained 1⅛ to $64⅞.

Other Blue Chip stocks also posted gains in active trading, including ATT up ⅛ to $53⅞, Eastman Kodak ⅞ to $76⅛, Minnesota Mining ⅞ to $55⅛ and GM ⅞ to $46⅛.

Several Oil stocks turned up after considerable weakness in the group on Monday. Atlantic Richfield rose ⅞ to $35⅛, Standard Oil Ohio 1⅝ to $29 and Kerr-McGee 1⅞ to $29⅛.

The NYSE All Ordinaries Index was up 0.09 at 63.05. THE AMERICAN SE Market Value Index was off 0.45 at 248.84 on turnover of about 2.2m.

Canada

Stocks were mostly mixed at mid-session with Oils slipping but golds up slightly.

The Toronto composite index was off 3.6 points at 1,383.4 but advances led declines by 143 to 138 on volume of 1.84m shares.

Closing prices for North America were not available for this edition.

Seven of the 14 major indices were lower.

On the active list, Dome Petroleum was unchanged at C$5⅛. Noranda Mines was up ⅛ at C$12⅞, and Alcan Aluminum slipped ⅛ to C$24⅜.

Turbo Resources, off two cents at C$1.03, said it would appeal the decision by the courts that the Ontario Securities Commission has jurisdiction in its bid for Merland.

Riverside Yarns, off 30 cents at 50 cents, said it would close a polyester yarn plant in Cornwall, Ontario.

The Gold Index rose 7.8 points to 1,740.4 as Campbell Red Lake gained ⅛ to C$14, Carolin Mines improved ⅛ to C$11⅛, and Dome Mines eased ⅛ to C$8⅝.

Tokyo

Shares continued to rise for the fourth consecutive day, with sentiment encouraged by the overnight upturn on Wall Street, but trading remained light, dealers said.

The Nikkei-Dow Jones average gained 42.32 to close at 7,189.01, bringing the total rise to 227.10 from the 6,961.91 close last Thursday. The Tokyo SE index added 1.32 to 533.79.

Non-ferrous Metals, Oils and low-priced Domestic Industry issues gained ground, but Blue Chips, after their initial strength, ended mixed in response to the yen's latest set-back against the dollar.

Dealers said a return to the market of foreign investors aided early gains in Blue Chips, but Computer-makers, Motors and Precisions drifted lower in the afternoon over fresh uncertainty on the future of U.S. interest rates.

Construction companies, Housebuilders, Chemicals and Machineries rose, and Drugs and Biotechnology issues recovered from Monday's losses. The second market eased slightly.

Hong Kong

Stocks shed early gains to close around at about Monday's level. Prices met hard resistance when the Hang Seng Index rose above 1,300, brokers said.

Shares opened higher in line with the London and overnight Wall Street closings, and Bullish sentiment was maintained by prospects of a cut in local interest rates.

The Hang Seng Index closed up 0.87 to 1,294.85 after rising 7.08 in the midmorning. Brokers said the undertone of the market was nevertheless firm since only a small amount of profit-taking was cited at the highs.

Leaders closed steady-to-higher, with HK Wharfs up 2.5 cents to HK$4.70, Wheelock "A" five to HK$5.85, and Jardine Matheson 30 to HK$17.10.

China Light, however, lost 10 cents to HK$15.90.

Elsewhere, Carrian Investments rose 7.5 cents to HK$3.525, Far East Consortium one to HK$1.30, Paul Y ten to HK$5.90, and Trafalgar five to HK$2.95.

Singapore

Prices closed narrowly mixed on profit-taking after a higher opening in selective moderate trading.

Central Sugars rose 50 cents to S$10.50, Fraser and Neave 10 to S$5.95 and National Iron 10 to S$6.20, while on the decline, Fegi fell 45 cents to S$2.30.

Straits Trading five to S$5.35 and Malayan Banking five to S$6.10.

The Stock Exchange Industrial/Commercial Index rose 1.98 points to 521.24. The Straits Times Index closed at 697.30, up 3.70.

Hotels, Properties, Commodities and the second trading section were also mixed where trend in line with the general trend.

Paris

Prices were higher in moderately active trading with sentiment boosted by Monday's firmer Wall Street close, dealers said.

Expectations of some foreign exchange operators of lower U.S. interest rates also boosted values.

Most major sectors rose, although Oils were slightly easier and Chemicals mixed.

Germany

Leading shares closed mixed with an easier bias as doubts re-emerged whether the U.S. Federal Reserve would relax policy far enough for U.S. interest rates to fall further, dealers said.

Yesterday's firmer dollar also deterred investors, and orders dwindled, revealing the fragility of Monday's advance. The Commerzbank Index fell 1.8 to 683.1.

Among Cars, Daimler rose 0.50 from Monday's close to DM 301, but BMW fell one to DM 203.50 and VW two to DM 137, while in Electricals, Sei gained 1.50 to DM 228.50 and AEG 0.50 to DM 31, but Siemens shed 1.20 to DM 219.30.

Australia

Prices eased, giving up a little of their gains of the previous two days' trading. The market opened strongly but softened in morning trading and pre-lunch gains were generally eliminated by the close of trading. The All Ordinaries Index was 1.6 points down at 454.3.

Brokers interpreted the easing trend to profit-taking lack of domestic institutional buying and pessimism on the Australian economic outlook. They noted that despite recent rises in metal prices, many mining ventures were still unprofitable.

Spain

Prices opened the week lower across the boards continuing the recent weak trend and pushing the Index 0.66 points down to 86.61, the lowest this year, dealers said.

Banks and Monopolies let the fall as selling pressure persisted up in thin, quiet trading. The continuing debate in the ruling Centrist Party to elet a new leader overshadowed business, dealers said.

CANADA

Stock	July 12	July 9
AMCA Intl	17	16½
Abitibi	16¼	16½
Agnico Eagle	6.62	6.75
Alban Alumin	24⅞	24
Algoma Steel	25	23½
Asbestos	10⅜	10
Bk Montreal	17⅝	17⅜
Bk Nova Scotia	20⅞	20⅛
Basic Resources	2.40	2.40
Bell Canada	17⅝	17¼
Bow Valley	14	14⅛
BP Canada	23	23
Brascan A	13¼	13⅛
Brinco	3.10	3.10
B. C. Forest	7⅜	7¼
CIL Inc	19	19
CadillacFairview	6¼	5⅞
Can Cement	8½	8⅜
Can NW Energy	22½	22½
Can Packers	29	28¾
Can Trusco	18½	18¼
Can Imp Bank	17⅜	16⅞
Cdn Pacific	26⅛	25⅞
Can P. Ent	14⅛	15⅜
Can Tire	33	33½
Chieftain	21¼	21¼
Cominco	36	34⅝
Cons Bathst A.	14½	14⅜
Cont. Bk.Canada	6⅜	6⅜
Coseka Res	3.50	3.50
Costain	5½	5½
Daon Devil	2.65	2.55
Denison Mines	16¾	15¾
Dome Mines	8⅝	8⅞
Dome Petroleum	5.25	5.62
Dom Foundries	28¾	28½
Dom Stores	14⅛	14¼
Domtar	16½	16
Falcon Nickel	36⅞	34
Genstar	11⅞	11
Gt. West Life	1.80	1.90
Gulf Canada	13⅝	13⅝
Gulf Stream Res.	1.93	1.96
Hawk Sid. Can	8⅛	7¾
Hollinger Argus	24	25
Hudson Bay Mng	15½	14⅜
Hudson's Bay	16⅛	15¼
Husky Oil	5	5¼

BELGIUM (continued)

July 13	Price Frs.	+ or −
Petrofina	4,350	−40
Royale Belge	5,070	−10
Soc. Gen. Banq.	2,400	......
Soc Gen Belge	1,168	−2
Sofina	3,380	−20
Solvay	1,920	......
Traction Elect	2,515	−35
UCB	2,210	+10
VieilleMont	2,345	+55

DENMARK

July 13	Price %	+ or −
Andelsbanken	114.2	......
Baltica Skand	321	......
CopHandelsbank	126	......
D. Sukkerfab	327.4	+5.4
Danske Bank	126	......
East Asiatic	88.0	+1.4
Forende Berygg.	512.0	+7
Forenede Damp.	398.4	+0.4
GNT Hldg	226.4	−3.6
Jydske Bank	175	......
Nord Kabel	122	−2
Novo Ind	1,658	......
Papirfabrikker	74	......
Privatbanken	122.2	......
Provinsbanken	119	......
Smidth (Fl)	183.0	−1.2
S. Berendsen	496.4	−0.6
Superfos	94.4	+1.8

FRANCE

July 13	Price Frs.	+ or −
Emprunt 4½% 1975	1,710	−10
Emprunt 7% 1973	6,345	−5
CNE 3%	3,287	+17
Air Liquide	457	+4
Aquitaine	103.5	−1.9
Au Printemps	144.9	+4.4

HOLLAND

July 13	Price Fls.	+ or −
ACF Holding	79.2	+1.2
Ahold	83	−0.5
AKZO	24.2	−0.1
ABN	279	−4.5
AMEV	89	−0.2
AMRO	47.2	−1.8
Bredero Cert	162.5	−0.5
Boskalis Western	42	+0.6
Buhrmann-Tet	36	−0.2
Caland Hlds	29.5	−0.2
Elsevier NDU	153	−0.5
Ennia	125	−1
Euro Comm Tst	74.5	......
Gist-Brocades	74	+1.3
Heineken	58.6	−0.9
Hoogovens	16.3	......
Hunter Douglas	7.9	−1
Int Muller	17.9	−0.3
KLM	90.7	+0.7
Naarden	22.8	+0.3
Nat Ned cert	117.6	−0.4
Ned Cred Bank	30.5	+1
Ned Mid Bank	118.5	−3
Ned Lloyd	112.8	+0.2
Oce Grinten	113	−1.7
Ommeren (Van)	21.8	+0.2
Pakhoed	38	−1.5
Phillips	23.2	......
Rijn-Schelde	23.6	−0.4
Robeco	203.5	+1.5
Rodamco	124.3	+0.5
Rolinco	199.2	+1.2
Rorento	155.5	+0.8
Royal Dutch	83.7	−2.5
Slavenburg's	80.8	......
Tokyo Pac Hg	195.5	+3.5
Unilever	147.5	+1
Viking Res	101	−4
Vmf Stork	44.1	+0.2
VNU	57	−0.5
West Utr Bank	73	−2.5

ITALY

July 13	Price Lire	+ or −
Assicur Gen	125,000	−1650
Banca Com'le	31,200	+700
Bastogi Fin	89	−1
Centrale	1,770	−92

AUSTRALIA

July 13	Price Aust. $	+ or −
ANZ Group	3.55	......
Acrow Aust	1.30	......
Ampol Pet	1.21	+0.01
Assoc. Pulp Pap	1.45	......
Audimco	0.10	......
Aust. Cons. Ind	1.34	−0.02
Aust. Guarant.	2.20	−0.02
Aust. Nat. Inds.	2.45	......
Aust. Paper	1.69	+0.01
Bank NSW	2.48xd	−0.04
Blue Metal	1.48	......
Bond Hldgs	1.00	......
Boral	2.30	−0.06
Bl'ville Copper	1.12	......
Brambles Inds.	1.90	......
Bridge Oil	2.35	......
BHP	6.78	−0.06
Brunswick Oil	0.15	−0.01
CRA	2.85	......
CSR	2.58	−0.10
Carlton & Utd	1.78	+0.02
Castlemaine Tys	3.50	......
Cluff Oil (Aust)	0.45	......
Do. Opts	0.21	−0.02
Cockburn Cemt.	1.28	......
Coles (G.J.)	2.09	−0.01
Comalco	1.85	+0.06
Costain	1.45	......
Dunlop	0.95	+0.02
Elder-Smith G.M.	2.50	......
Endeavour Res.	0.16	......
Gen. Pro. Trust	1.47	−0.01
Hartogen Energy	1.75	−0.05
Hooker	0.56	+0.04
ICI Aust.	1.68	......
Jennings	1.14	−0.01
Jimb lana(50cFP)	0.15	......
Jones (D)	1.70	......
Leonard Oil	0.10	−0.03
MIM	2.65	......
Meekatharra Ms.	1.82	......
Meridian Oil	0.13	......
Monarch Pet	0.08	......
Myer Emp	1.33	−0.01
Nat. Bank	2.37	−0.06
News	1.80	......
Nicholas Kiwi	1.20	+0.02
North Bkn Hill	1.75	......
Oakbridge	1.35	+0.03
Otter Expl	0.32	+0.04
Pancon	1.35	......
Pan Pacific	0.10	......
Pioneer Co	1.25	......
Queen Marg't G.	0.10	......

JAPAN (continued)

July 13	Price Yen	+ or −
Kubota	332	+1
Kumgaal	386	−2
Kyoto Ceramic	3,700	+40
Lion	360	......
Maeda Cons	540	+10
Makita	722	+2
Marubeni	280	......
Marudai	550	−2
Marui	885	−5
Matsushita	1,050	......
M'ta Elec Works	487	+1
M'bishi Bank	500	......
M'bishi Corp	495	−2
M'bishi Elect	229	−3
M'bishi RI East	421	−5
MHI	177	+1
Mitsui Co	321	+8
Mitsui RI Est	601	−3
Mitsu-koshi	343	+3
NGK Insulators	466	−4
Nippon Denso	995	−25
Nippon Gakki	645	+1
Nippon Meat	369	−1
Nippon Oil	851	+12
Nippon Shinpan	778	+9
Nippon Steel	136	+1
Nippon Suisan	221	+3
NTV	4,040	......
Nissan Motor	788	−6
Nisshin Flour	332	......
Nisshin Steel	151	......
Nomura	477	−3
NYK	258	+11
Olympus	950	+2
Orient	1,300	+20
Pioneer	1,460	−20
Renown	720	......
Ricoh	477	−3
Sanyo Elect	397	−3
Sapporo	252	−1
Sekisui Prefab	690	+1
Sharp	842	+1
Shiseido	869	+3
Sony	3,280	+4
Stanley	350	+1
S'tomo Marine	220	......
Taihei Dengyo	499	−1
Taisei Corp	230	......
Taisho Pharm	585	+5
Takeda	780	+3
TDK	4,030	......
Teijin	211	+2
Teikoku Oil	870	+13
TBS	433	+4
Tokio Marine	441	+2

The long summer silence in the Highlands

By Gareth Griffiths

THROUGHOUT THE Scottish Highlands and isles this summer, whisky distilleries are silent, as producers make an effort to cut back their production by extending holiday breaks. Normally the silent period as it is called, lasts for, at most, two months. This year it will be three months. Production during the year has been slashed by 40 per cent and a dozen distilleries have been shut down and put into mothballs. Most of the 125 malt distilleries have been on short-time and grain distilleries have been subjected to only slightly less severe pressure.

In Edinburgh and Glasgow, the market for whiskies bought and sold for blending, the so-called fillings markets, has collapsed. The largest brokerage house in the business, Stanley P. Morrison, now relies on its non-brokerage business to survive. Other casualties include the cooperage industry. Universal Container UK, Scotland's largest independent cooperage company, this month mothballed its Keith plant in the highlands because of the downturn.

Demand for whisky was down by about 4 per cent overall last year over 1980 with a sharper decline of about 10 per cent in the UK. However, because of the peculiar time scale on which the Scotch industry operates when production runs are for sale three to five years later, variations in the industry's production runs tend to be particularly large. A fall in sales and projected demand levels therefore has a proportionately far greater fall in distilling: a simple case of a geometric progression.

Scotch may be one of the UK's most successful exports bringing in more than £800m a year in foreign exchange but in terms of employment it is fairly small; about 20,000. The bottling and production side is in Scotland but the sales teams almost all operate from London.

Scotch whisky's importance to the UK economy lies in its contribution to exports, not employment. But Scotch has a political dimension outweighing its employment contribution. The drink has been marketed as part of Scotland's cultural heritage and the role of the distilleries in the Highlands and isles, often providing a major source of local employment, gives them a hold on Scottish emotions.

Some five miles south of Nairn on the Moray Firth is the Royal Brackla Distillery. Founded in 1812, Royal Brackla is a medium sized malt distillery with a capacity of about 750,000 proof gallons. It is a good indicator of what is happening in the sector. The 23 employees have mainly been with the distillery for many years and labour turnover is virtually non existent. Together with the neighbouring estate, the distillery is the major employer for the locality. Wages in the distilling sector are not high: most men at Brackla earn less than £100 a week.

At the moment Royal Brackla is closed for its three month break. The silent season started on May 8 and it is reopening at the end of August. The burnished vats are being cleaned and the workforce used for maintenance jobs. The distillery, part of DCL's Scottish Malt Distillers, has been subjected to a series of measures to reduce its capacity; a four-day week, longer summer breaks two years running but SMD is keen not to mothball any distillery or introduce compulsory redundancies.

The malt distilleries are the showplace for the Scottish whisky industry. All over Speyside, one of the traditional malt whisky centres, distilleries employ guides, open shops and promote the image of Scotch. Some distilleries such as the J. and G. Grant Glenfarclas-Glenlivet distillery in Ballindalloch, Banffshire, have cashed in on the tourist interest in Scotch, making a determined pitch to boost sales via the visitors.

The core problem for Scotch companies is marketing. Scotch distilleries are efficient — they benefited from heavy capital spending in the late 1960s and early 1970s as happened at Royal Brackla — and have been vigorous in trying to save energy. There is very little they can do to alter their product. Most company executives regard product innovation as dangerous because customers are used to the same standards from a brand; when something new is introduced, consumer suspicions are aroused.

Hugh Routledge

Pot still room at the Laphroaig Distillery, Isle of Islay.

Mr Ian Coombs, the chairman of Long John International, Whitbread's whisky subsidiary says that whisky companies have to make judgments on marketing that can prove very expensive if they go wrong.

"Every year we do a business plan and look at our major markets. We examine our performance in that individual market and try and look at what individual companies are doing. The base year on which to project your demand is very important and what has happened is that we got the base year wrong in the mid-1970s. 1978 was the best year ever for Scotch and we laid down our stocks from that basis." The trouble is that the costs of laying down such large stocks will adversely affect profits for the next few years, he adds.

Mr James Bruxner, the export director of J. and B. Rare, Grand Metropolitan's whisky company, is one of the breed of people at the top of the industry who is likely to spend as much time in New York or Hong Kong as in London. His brand claims to be the best seller in the U.S., although DCL's Dewars is viewed by others to hold that position. He has firm views on the importance of maintaining close contacts with the brand's distributors. (Scotch outside the UK is not sold directly by the company but through agents.)

"We see our distributors every other month for meetings but talk to them every week to discuss tactics about the brand. We have a very deliberate policy of planning the J. and B. Brand, particularly as it takes between 10 and 15 years to build up a market. Our cardinal principle is that we offer our distributors exclusivity for their market."

Distributors are crucial to the industry. It has enabled companies to obtain marketing outlets and organisations all over the world at little cost. Long John for example employs only five salesmen overseas. But the industry has had to share its profitable markets with the distributors and mark-ups generally start at 100 per cent. Distributors have to pay half the promotion costs for most brands and that is seen as an increasingly important contribution.

Analysts are rather worried about the marketing ability of many whisky companies at a time when it faces strong competition from cheaper white spirits and can face trade barriers. The success of South African whisky sales for example have led to speculation that a discriminatory tax in favour of locally produced cane spirits will be introduced —another item in the Scotch Whisky Association's 400-item booklet on barriers against Scotch imports.

Worry about the marketing ability of the industry is not only felt in the City, but also among many Scotch executives themselves. There is a feeling, aided no doubt by Calvinist guilt, that the industry had too comfortable a time during the post-war years. Money poured in during the 1960s as sales boomed at 10 per cent annual growth. Justerini and Brookes for example made enough money from J. and B. Rare to create International Distillers and Vintners, which was swallowed up later by Grand Metropolitan.

"We have got to develop the killer instinct," says Mr Donald Mackinlay, chairman of the Scotch Whisky Association's Information Committee. The companies are certainly developing a much keener concern about promotional work. Expenditure is soaring. Long John has seen a 40 per cent increase in spending in the past year. J. and B. has doubled its budget.

The sums can be quite substantial: £4 per case on promotion is an industry average. This would cost J. and B. about £12m in the United States or Ballantines (Hiram Walker) £8m in Western Europe. Developing markets can take between 10 and 15 years to get right and the costs may be much higher and need to be sustained longer.

But the killer instinct extolled by Mr Mackinlay has been seen, in a figurative sense, in the expansion of Arthur Bell which now has 25 per cent of the UK whisky market and is doing surprisingly well in South Africa. The Bell success stems not from pricing where it has maintained a premium charge, but from aggressive marketing initiated by the company's chairman, Mr Raymond Miquel.

The technique has been simple if exhausting. Mr Miquel and his team charm the licensed trade in the UK by endlessly visiting its charity events and the like. The company's cost structure has been tight with modern production facilities. The result has been that UK sales have gone up from 1.4m cases in 1973 to 3.3m cases for 1981. Pre-tax profits in five years have increased from £7.5m to £20m, earnings growth has been 31 per cent and dividend increases 28 per cent.

At the other end of the spectrum is Tomatin which is a malt distiller for other blenders. Tomatin's management point out that the supplier is bound to be disproportionately affected by the downturn. Tomatin reported a pre-tax deficit of £2.37m on a turnover of £9.49m and at present the company is using 15 per cent of its 4.75m-gallon capacity.

Tomatin, like the rest of the distilling sector, is looking for an end to the destocking of whisky by the larger blending companies. The first indications of that will come from an increase in the price companies pay each other for whisky to be used in blending.

Sales of whisky for blending is nearly a closed market dominated by inter-company swaps. There are only five or six whisky brokers left in Scotland and a company such as DCL is self-sufficient in whisky and therefore does not buy in.

But the prices paid by the companies are the crucial signals the whisky industry looks to for signs of recovery. The gloomy news is there are few indications of any firming up yet. Tomatin's price tariff is 130p per litre of alcohol but a wide range of discounts can bring that price down to 121.8p per litre or less. This is only marginally up on the 115p charged last year and the 103p charged in 1980.

In any recovery grain whisky prices will show the first improvement. This is because grain whisky is not stored for the same length of time as the malts which provide the flavour of the blend. Some industry watchers now forecast a slight upturn in grain whisky prices at the end of the year. This would indicate supply is falling more into line with demand and more scope for increasing production next year.

The industry's hangover is made worse by the continued polarisation of the market between the more expensive top brands and the cheap whiskies. Apart from DCL's Johnnie Walker, the world's most popular whisky, no other brand has managed to establish a world-wide brand reputation. The diversity of the world market is likely to provide a means of survival for companies which in other industries with similar conditions might have been taken over or amalgamated. A brand which hardly sells at all in the United States might be a sure-fire success in Italy or the Far East.

ENERGY REVIEW

Power (and farmland) from the peat bog

By Richard Cowper, in Bandung, Indonesia

SOME SEE it as one of the more useless substances in the ground—a hazard to be avoided by farmers at all costs. Others, notably the Irish, have come to refer to it lovingly as their very own "brown gold." Most, however, and that includes many of those who possess it in the largest quantities, still regard it with plain indifference.

In time peat could, however, make a major contribution to the world's energy needs providing a relatively cheap fuel for heating, power and electricity in perhaps as many as 60 countries throughout the world. It could also release millions of hectares of currently unusable land for productive agricultural use.

For almost a decade Indonesia has been experimenting with ways to turn part of its 26m hectares of swampy peatlands to agricultural use. But without success. And until very recently the Government had given no thought at all to the possibility of harvesting its enormous peat resources for fuel. But last month Indonesia's Ministry of Mines and Energy invited 60 or so delegates from peat-producing countries all over the world to the west Javanese city of Bandung for an international conference to discuss the current state of the peat industry, and how it might apply to Indonesia.

Officials from Indonesia's Ministry of Mines and Energy learnt perhaps for the first time that Indonesia may have the world's fourth largest peat reserves. They also heard from enthusiasts from two of the world's leading fuel-peat producing countries—Ireland and Finland — that Indonesia has on its doorstep a major source of untapped energy. Soetario Sigit, the assistant to Indonesia's Minister for Mines and Energy, said: "We don't even give peat a mention in our new energy diversification programme. I never realised its potential."

As an energy-hungry world continues to diversify out of oil and natural gas, peat may find itself fairly high up on the list of viable alternative energy sources. Although it is never likely to make as large a contribution as oil, gas, coal or nuclear power on a worldwide basis, in specific locations it could become a major source of energy.

Milled turf in rail wagons at an Irish peat-burning power station in County Offaly.

In the Republic of Ireland it is already doing just that. Though Ireland has less than 1 per cent of the world's peat reserves, after the Soviet Union it is the world's largest user of peat for energy. Fuel-peat, mainly used to drive electric power stations, accounts for around 20 per cent of the country's national energy supplies.

Peat is not a new form of energy. It has been burnt in homes for cooking and heating in several countries for at least 2,000 years. But it is only more recently that it has been excavated and processed on an industrial scale with the help of modern boiler and processing technology.

Drained, dried out and harvested

Peat production and utilisation technology is now well established in Finland, Ireland, the Soviet Union and China. A peat bog is drained, dried out and then harvested by specially adapted tractors which move along the spongy surface, shaving off around 2 centimetres at a time to produce what is known as milled peat. This is then used to fire large boilers in power plants or processed in factories into small blocks known as bricquettes which are then sold to domestic consumers to use in house heating boilers or directly on the fireplace as with coal.

By far the largest use is for firing large power plants. Senior officials at Bord na Mona, the Irish peat development authority, say that peat-fired power plants are currently around 20 per cent cheaper to run than oil or diesel fired plants. Peat also has an advantage over coal in that it has a very low ash content. Some Finnish officials claim that in Finland peat is currently capable of producing electricity at half the cost of heavy fuel oil.

Peat's main disadvantage as a source of energy, however, is its large volume which makes transporting it extremely costly. Most peat-using countries have found that it is only economical for power plants if they are located fairly near the source of production. In the short term this may prove a major limiting factor on the world-wide growth of peat as a major energy source because peatlands, by their very nature, tend to be found in sparsely populated regions.

In the mid-term however liquefaction and gasification could well provide a solution to this problem. Though the greatest research effort so far has been devoted to coal, peat has been receiving considerable attention in Finland, Sweden, Canada and the U.S. for several years. No practical applications have been made yet, but the use of peat fuel gas will be started within the next few years, at least in Finland.

Most countries with large reserves however still regard it as an unholy nuisance. For peatland is normally swampy and almost completely useless for agriculture. Even if it is drained almost nothing will grow if the peat is more than one metre in depth. Many countries including Indonesia, Ireland and the USSR have experimented for decades on ways to make peatlands agriculturally productive but without success.

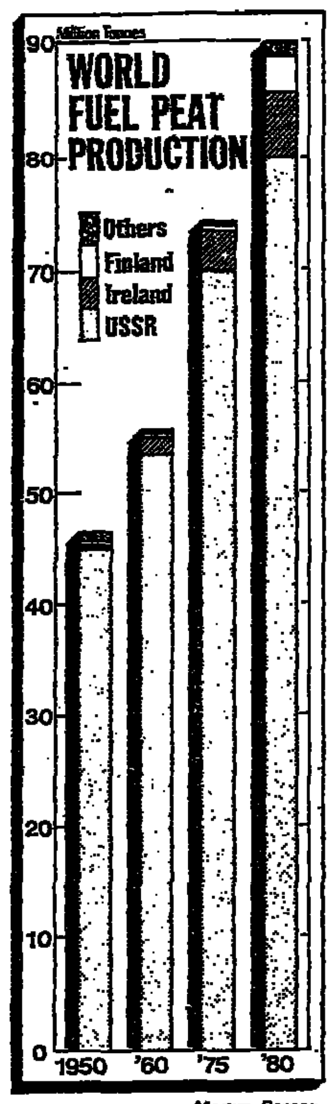
In the meantime hundreds of millions of acres of land spread throughout the world remain unproductive. Deep peatland is incapable of even supporting forests. The solution to the problem, say soil experts, is a simple one.

First harvest the peat (which in places can be up to 40 metres in depth), use it for energy, and then with the right drainage, fertiliser and irrigation, the soil underneath can often productively be used for agriculture.

No one knows precisely what world peat reserves are. It is clear however that they are considerable. A recent report on the worldwide use of peat prepared for the United Nations by the Ministry of Trade and Industry of Finland estimated world fuel-peat resources at around 100bn tons of oil equivalent or close to 50 per cent of known global natural gas resources. Peat therefore clearly offers a large potential source of energy.

The UN report estimates overall fuel-peat reserves at around 400bn tonnes measured at 40 per cent moisture, covering an area of at least 420m hectares. With the notable exception of the Soviet Union most countries possessing the largest reserves of peat have as yet done little to develop them as a source of energy.

Out of the 60 or so countries with known peat reserves four of them—Canada, USSR, U.S. and Indonesia—account for around 75 per cent of the world's peatlands and an estimated 70 per cent of "harvestable" reserves. Canada, the U.S. and Indonesia have yet to use peat as an energy source, however.



Mertyn Barnes

In the case of all these countries oil or natural gas has been abundant and this is perhaps one reason why as yet they have done little to develop their potential. But the Soviet Union has undertaken a major development of its peat resources.

It has around 150m hectares of peatland containing an estimated 166bn tonnes of recoverable peat. This one country alone therefore accounts for about 30 per cent of known world peat reserves. It is also the biggest producer of fuel-peat in the world accounting for about 90 per cent of total world production estimated at around 90m tonnes in 1980.

The Soviet Union has more than 4m hectares of peatlands currently in production and the 80m tonnes of fuel-peat produced every year meets around 2 per cent of the country's total energy needs. By far the largest proportion of fuel-peat is used to run 80 large peat-fired power stations. In rich peatland areas, such as the environs of Leningrad as much as 20 per cent of total demand is met in this way.

In the Republic of Ireland peat plays an even more impressive role in the country's energy economy. Ireland first began to develop its modern peat industry during World War II when imported coal was extremely difficult to come by. It is now the world's second biggest peat producer and has developed some of the most advanced industrial peat technology and mechanisation available.

Mr W. Maher, senior engineer at Bord na Mona says with obvious pride: "It may surprise you to know but Bord na Mona is today one of Ireland's largest companies. We manage 200,000 acres of bogland, and last year we had sales of £61m. With 7,000 full-time people on our payroll we are the country's single largest employer and our current capital development programme ending in 1986 is £182m."

Finland too — a comparative latecomer to the industry—also has ambitious expansion plans for its fuel peat industry. Using existing technology Finland has peat reserves equivalent to around 800m tonnes of oil. According to Mr Anssi Kalmari, manager of Ekono, Finland's leading peat engineering company, Finland currently has around 100 different peat plants ranging from 20kw to 200Mw, with peat accounting for around 3 per cent of the country's total energy.

"Plans are now under way which will increase our peat consumption to around 10m tonnes a year. This is more than three times our current usage. By the year 2000 7 to 8 per cent of our energy needs will be met by peat. But what's perhaps most exciting is that peat gasification and the ability to run a diesel engine off peat fuel are both very close to the commercial stage," he says.

APPOINTMENTS

Top posts at Argos

ARGOS, the catalogue showroom organisation, has appointed Mr Joe Phillips as chairman and Dr Mike Smith as chief executive. The moves follow the appointment of chairman Mr Tom McAuliffe as managing director, Littlewoods chain stores. Mr Phillips continues as chief executive, BAT Stores, and management and holding company for BAT Industries' UK retailing interests, of which Argos is part. Until his appointment to BAT Stores, Mr Phillips had been joint managing director with Mr McAuliffe since Argos' inception in 1973. Dr Smith was Argos' managing director.

Mr J. M. Phillips, chief executive, BAT Stores, and chairman, Argos

★

Mr G. E. Ballard is retiring as managing director of GILLETT BROTHERS DISCOUNT on July 31, but will remain on the board in a non-executive capacity.

★

Mr Richard W. P. Luff, City Surveyor to the Corporation of London, has been elected president of THE ROYAL INSTITUTION OF CHARTERED SURVEYORS for 1982-83. He is only the third serving public officer in the 114 years of the Institution to be elected president. The new senior vice-president is Mr Clifford Dann of Clifford Dann and Partners. Mr Donald Troup of Porter and Cobb was elected a vice-president. The two remaining vice-presidents are Mr Geoffrey Townsend of Turner and Townsend and Mr Paul Orchard-Lisle of Healey and Baker.

★

E. R. SQUIBB AND SONS INC. has appointed Mr J. Michael Sheasby as vice-president, finance and planning for Squibb Europe. He was formerly chairman of RCA Limited, UK and managing director of RCA Group Administration.

★

Mr Tony Derry becomes managing director of LONG JOHN INTERNATIONAL on August 2. This coincides with Mr Ian Coombs becoming finance director of Whitbread International, Chiswell Street. Mr Coombs has been managing director of Long John International since September 1968.

★

J. HENRY SCHRODER WAGG & CO. has appointed Mr A. E. Forsyth, Mr N. R. MacAndrew and Mr I. P. Sedgwick as directors, Mr R. J. Crowder, Mr D. M. Salisbury, Mr R. N. Saxby-Soffe, Mr R. W. A. Swannell and Mr C. K. Tallents have been appointed assistant directors.

★

BROWN SHIPLEY & CO. has appointed Mr Michael S. Cohen as a consultant. He recently retired from the partnership of Phillips & Drew.

★

Mr John F. O'Brien will be relinquishing his position as a director and chief financial officer of LRC International to take up an appointment as group finance director of ARTHUR GUINNESS AND SONS from August 16, following the retirement of Mr W. A. G. Spicer. Mr Paul Bristow, previously finance director of LRC products division, will be appointed to the board of LRC INTERNATIONAL as finance director.

★

Mr John H. Pascoe, a director of Powell Duffryn and chairman of the company's fuel distribution division, has been elected chairman of the CHAMBER OF COAL TRADERS. He succeeds Mr Peter F. Brewis.

Mr Keith Fuller, technical director, Racal-Decca Limited

Mr Keith Fuller has been appointed technical director of RACAL-DECCA, the parent company formed by Racal Electronics to manage the capital goods activities of the original Decca companies. He joins Racal after 25 years with Philips Research Laboratories, where he specialised in radar, navigation, avionics and electronic warfare systems.

★

Mr W. C. Corbett has been appointed aviation manager and underwriter for MINSTER INSURANCE from July 26.

LONDON STOCK EXCHANGE

Base rate cuts discounted and after-the-event selling clips recent good gains in Gilt-edged

Account Dealing Dates

*First Dealings	Option Declarations	Last Dealings	Account Day
July 5	July 15	July 16	July 26
July 19	July 29	July 30	Aug 9
Aug 2	Aug 12	Aug 13	Aug 23

* "New-time" dealings may take place from 9.30 am two business days earlier.

The fulfillment of recent hopes of lower clearing bank base rates caused investors to approach London stock markets more cautiously yesterday. Two of the main clearers made their announcements before market proceedings began and, although the cuts of ½ to 12 per cent had been widely expected, leading shares opened steady to firm. The opening tone owed much to Wall Street's continued recovery overnight and the Gilt-edged market's reaction to the base rate reductions was crucial.

Much the stronger recently of the two main investment areas, Gilts ran into some lumpy after-the-event selling. This was often from short-term holders showing good profits and seeing little scope for further immediate improvement. Longer-dated stocks reacted ½ and more in places, while the shorts were a maximum of ½ easier, but the fall was arrested by the authorities lowering intervention rates again in all four bands in UK money market operations yesterday.

The recently-exhausted short tap stock, £30-paid Treasury Convertible 1986, supplies of which ran out on Tuesday at 30¾, eased ½ to 30¼, and the only short to register a larger loss was Exchequer 14 per cent 1986, down ½ at 102¼. After rising to a 20-month peak the previous day, the FT Government Securities index slipped back 0.19 to 70.88.

Still experiencing a dearth of genuine investment activity and only limited specialised interest, equity markets soon followed the downturn in Gilts. Business in leading shares also remained selective with buyers concentrating still on Glaxo, up 9 at another new peak of 765p. BP remained the target of sellers and lost 6 further to a low of 260p, while Thorn EMI became unsettled awaiting tomorrow's preliminary figures.

Reflecting the markets inactivity, nearly a half of the constituents of the FT Industrial Ordinary share index closed unchanged and this measure, after showing a gain of 0.7 at the first calculation, closed a net 3.2 down at 554.3.

Banks easier

The reduction in base lending rates had already been well discounted and so the major clearing banks drifted gently lower for want of support. NatWest softened 2 to 438p as did Barclays and Lloyds, to the common level of 378p. Elsewhere, recent speculative favourite Grindlays softened a few pence to 182p ahead of interim results scheduled for later this month.

Insurances passed a quietly dull session. Phoenix lost 4 to 268p among Composites, while GRE softened 2 to 276p as did Commercial Union, to 136p. In Lloyds Brokers, Minet, in which St Paul of Minnesota recently increased its stake to just under 20 per cent, gave up 2 to 148p.

The realisation of cheaper interest rates failed to generate any worthwhile business in the Building sector. BPB and Tarmac hardened ot642ap8dn—Tarmac hardened 6 to 428p and 290p respectively, but Blue Circle closed that amount cheaper at 439p. Comment on the preliminary figures prompted fresh early firmness in A. Monk which touched 71p before settling unaltered on the day at 68p. Magnet and Southerns, in contrast, reacted 6 to 158p on disappointment with the annual results.

ICI again moved narrowly and closed without alteration at 296p; news that the company is expected to announce the sale of its 50 per cent stake in Ertisa of Spain had little impact on sentiment. Further consideration of the preliminary figures prompted a rise of a couple of pence to 230p in Amersham.

Eurotherm wanted

Eurotherm stood out in Electricals, rising 16 to 423p on buying ahead of tomorrow's interim results. Lec Refrigeration revived with a rise of 10 to 243p, while Air Call improved 5 to 295p. The absence of the rumoured bid clipped 10 from recently buoyant Ferranti to 800p, after 795p, while Cable and Wireless gave up a few pence to 290p awaiting today's preliminary results. Crystalate, at 128p, lost 8 of the previous day's speculative gain of 12, while Farnell lost 6 to 197p and Henry Wigfall cheapened 3 to 100p. Of the leaders, Thorn EMI turned down again on revived talk of a sizeable rights issue accompanying tomorrow's annual statement, the close being 5 easier at 385p.

NEI, a rising market of late, closed 7 lower at 88p on news that the company's hopes of supplying £80m of generating equipment to Taiwan had foundered. Elsewhere in the Engineering sector, Chemring, still reflecting favourable Press mention, improved 7 further to 382p, while United Engineering advanced 10 to 275p following reports of an analysts' meeting with the company. Mitchell Somers hardened a penny to 53p in response to the preliminary figures, but Westland, a recent defence favourite, gave up 5 to 126p. Edbro remained on offer and eased 3 more to 85p. Leading issues made a quietly dull showing, GKN easing 4 to 144p. TI, 102p, and Hawker, 324p, gave up 2 apiece.

Movements of note in Foods were few and far between. Among Retailers, Associated Dairies, 122p, and J. Sainsbury, 337p, added 2 apiece, but Tesco, a firm market of late, eased a penny to 70p on profit-taking. S. and W. Berisford encountered renewed selling and eased 2 for a two-day fall of 7 at 134p; British Sugar, currently trying to ward off the latest initiative from Berisford, held at 463p, or 7 below the cash offer.

Sothebys improve

A resurgence of speculative buying fuelled by revived takeover speculation in the wake of the recent poor interim figures enabled Sothebys to feature miscellaneous industrials with a rise of 15 to 290p. Still attracting buyers on consideration of the U.S. profit potential of its Zantac anti-ulcer drug, Glaxo firmed 9 to a 1982 peak of 765p. Improvements of 10 and 13 respectively were recorded in Lep, 405p, and Diploma, 260p, while Ricardo met buyers and rose 8 to 460p. Maurice James hardened a fraction more for a two-day gain of 4 to 29p on the bid approach, but the threat of further redundancies overshadowed British Aerospace, which closed 5 down at 266p. The proposed £1.4m rights issue which accompanied the interi mresults brought about a fall of 5 to 123p in Blundell Permoglaze. Rank Organisation softened a penny for a two-day fall of 15 to 133p following disappointing first-half results, while the associated A. Kershaw fell 5 more to 180p.

Holiday concerns remained irregular. Saga, buoyed of late by Press comment, gave up 3 to 130p, while Horizon shed a like amount to record a three-day fall of 17 at 168p. Intasun, on the other hand, firmed a couple of pence to 116p. Video services group Humphries Holdings, also the subject of favourable mention recently, added 2 for a two-day gain of 5 at 17p.

Selected Motor Distributors made further progress on renewed takeover rumours. Tate of Leeds were outstanding at 102p, up 5, while Kenning added 1¼ more to 67p. British Car Auction were also wanted and rose 5 to a 1982 peak of 99p. In contrast, Components trended to lower levels, where altered. Dowty encountered nervous selling in front of tomorrow's annual results and eased 5 to 132p, while Dunlop, which yesterday announced the disposal of its 51 per cent stake in Dunlop Malaysian Industries to Pegi Malaysia for around £73m, eased the turn to 66p.

Newspapers moved within narrow limits in a subdued business. Associated, interim results expected tomorrow, eased a few pence to 180p, but Daily Mail A, also due to reveal interim figures tomorrow, added 3 to 408p. East Midland Allied Press A shed 2 to 76p following the chairman's statement at the annual meeting. Elsewhere, Bemrose held at 145p: it was announced after the market close that British Printing and Communication now controls almost 18.2 per cent of the equity. BPCC were also unchanged, at 34p, but Bunzl, unwelcome suitors of Bemrose, eased a penny to 164p.

The trend towards cheaper money failed to stimulate leading Properties, which drifted lower on lack of support. Stock Conversion cheapened 3 more to 275p and Land Securities relinquished a couple of pence to 268p. Elsewhere, Allnatt London hardened 2 to 162p following the higher profits and dividend, while Percy Bilton firmed a similar amount to 182p ahead of preliminary figures scheduled for July 26. Churchbury Estates, on the other hand, fell 15 to 520p and Westminster cheapened 2 to 25p.

Oils weaken afresh

Expectations of a cut in the Saudi Arabian crude export price prompted fresh weakness in the Oil sector. Selling was relatively light, but with the market unwilling, British Petroleum and Shell both recorded losses of 6 at 260p and 384p respectively. Tricentrol fell 8 to 176p and Ultramar 12 to 373p, while Burmah closed 4 cheaper at 127p.

Among scattered mixed movements in Trusts, Gresham House, still reflecting adverse press mention eased 2 more to 130p, but Caledonia Investments put on 11 to 428p in sympathy with fresh firmness in British and Commonwealth. Occasional falls in Financials included Hambros Trust, 4 lower at 98p, and Exco International, a couple of pence cheaper at 190p.

British and Commonwealth met further investment demand in the Shipping sector and put on 8 further to 473p, while demand lifted Lyle 4 to 207p.

Tobaccos responded to sporadic interest and finished with modest gains. Bats closed 4 to the good at 452p, while Rothmans International, preliminary results scheduled for next Tuesday, attracted revived speculative demand and touched 95p before settling for a net gain of 2 at 94p.

Golds dip and rally

Initially easier on profit-taking inspired by the opening trend in the bullion price, South African Golds later staged a strong rally along with the metal price to close showing substantial gains on balance.

The shortage of stock evident on Monday became even more acute and led to a number of disproportionate rises, notably among the cheaper-priced marginal producers.

The Gold Mines index advanced 5.7 for a rise of 27 points to 213.6 over the past three trading days. Bullion fell to $339 at the morning fixing but subsequently surged ahead to $352.50 before closing a net $5.5 up at $348.5, extending its gains over the past four days to $41.5.

The outstanding performance in the heavyweights came from Randfontein which put on £1⅞ more to £24⅞—a two-day gain of £3½—while rises of between ½ and ¾ were common to Winkelhaak, £11¼, Buffels, £13¼ and Kloof, £12.

Western Deep added ½ to £12½; shaft-sinking operations at the mine have been temporarily suspended following an inrush of water. Marginals showed Leslie and Marievale up 9 apiece at 81p and 78p respectively, while South African Land gained 18 to 124p.

South African Financials mirrored the performance of Golds and provided features in Anglo American Corporation, which surged 30 to 470p, "Johnnies," up £2¼ to £25¾ and "Amgold," which put on £1¾ to £29¾. De Beers rallied from an initial 202p to close a net 7 firmer at 211p.

Renewed strength in copper and the recovery in the bullion price left London-based Financials showing little change after initial sharp falls. Rio Tinto-Zinc were finally unaltered on balance at 391p, having touched 380p, while Gold Fields also ended unchanged at 375p, after 365p.

Australia's record balance of payments deficit, prompting fears of a sustained period of high interest rates, undermined sentiment in Australians. Among the leaders, Western Mining relinquished almost all of the previous day's gain and closed 13 off at 155p while Gold Mines of Kalgoorlie dropped 15 to 150p and MIM 5 to 153p.

Deals taken out in Traded Options yesterday amounted to an exceptionally active 3,051, a total that owed much to continued heavy demand for Imperial Group positions; 1,051 calls were struck in Imperial with the August 70s and November 90s accounting for 425 apiece. Lonrho, also buoyant recently, recorded 296 calls and 50 puts, while GEC attracted 143 calls and 77 puts. Another useful two-way business developed in British Petroleum in which 225 calls were done, 150 in the October 280s, and 263 puts were transacted, 169 in the July 260s.

OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
July 12	July 23	Oct 14	Oct 25
July 26	Aug 6	Oct 28	Nov 8
Aug 9	Aug 20	Nov 11	Nov 22

For rate indications see end of Share Information Service

Stocks favoured for the call included Westland, Eagle Star, Crystalate, Elsburg, Premier Oil, BP, Metals Exploration, I. Barget and Jacksons Bourne End. No puts were reported, but doubles were arranged in ICI and Barratt Developments.

FINANCIAL TIMES STOCK INDICES

	July 13	July 12	July 9	July 8	July 7	July 6	A year ago
Government Secs.	70.88	71.07	70.44	70.09	69.85	69.95	64.27
Fixed Interest	71.51	71.33	71.00	70.56	70.48	70.43	66.31
Industrial Ord.	554.3	557.5	552.7	551.4	555.2	554.0	531.9
Gold Mines	213.6	207.9	194.5	186.6	188.7	195.2	314.9
Ord. Div. Yield	5.56	5.53	5.57	5.58	5.56	5.58	5.98
Earnings, Yld.% (full)	11.66	11.62	11.70	11.67	11.62	11.65	11.52
P/E Ratio (net) (*)	10.41	10.46	10.38	10.42	10.46	10.44	10.87
Total bargains	16,448	16,021	16,069	13,033	13,830	14,311	18,098
Equity turnover £m.	—	116.52	129.46	141.58	123.87	133.53	102.78
Equity bargains	—	12,038	10,786	10,726	10,903	10,993	13,145

10 am 558.2. 11 am 555.8. Noon 554.7. 1 pm 554.9.
2 pm 554.4. 3 pm 554.7.

Basis 100 Govt. Secs. 16/10/26. Fixed Int. 1928. Industrial 1/7/35. Gold Mines 12/9/55. SE Activity 1974.

Latest Index 01-246 8026.

*Nil=9.69.

HIGHS AND LOWS

	1982 High	1982 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	71.07 (12/7)	61.89 (5/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	71.51 (13/7)	62.79 (7/1)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	594.0 (5/5)	518.1 (5/1)	597.3 (30/4/81)	49.4 (26/6/40)
Gold Mines	502.0 (6/1)	181.2 (22/6)	558.9 (22/9/80)	43.5 (26/10/71)

S.E. ACTIVITY

	July 13	July 9
Daily Gilt Edged Bargains	225.1	187.4
Equities Bargains	78.0	69.9
Value	235.5	261.7
5-day Avrge. Gilt-Edged Bargains	190.6	180.1
Equities Bargains	71.8	69.6
Value	260.7	255.1

RECENT ISSUES

EQUITIES

Stock	Closing price p	+or−
Anglo-Nordic 5p	41	
Antofagasta Hldgs£1	80	−1½
Argyll Foods Warr'ts	11	
Argyle Trust	43	
Assoc. Heat Services	295	+5
Atlantis Res. Int.	44	
Bairstow Eves 5p	52	−1
Black(Michael)I 20p	52	
Cambrian & Gen. 74p	50	
Cont. Microwave	415	
Dencora	52	
Druck Hldgs.	168	
Ecobric New Ord.£1	106	+1
Do. Defd.	63	+1
Electro-Prot. US$0.10	64	
Group Inv Option	1	
Knight Cmptr Int 5p	60	
McCarthy & Stone	192	
Miles 33 10p	118	+1
Oriflame SA (US$1.50)	615	+15
Oilfield Insp. Svcs	152	
Radio City 'A' NV	89	
Ruddle (G.) 10p	150	
Walker (Alfred) 10p	39	+1
Zambia Cons Cpr 10K	55	+5

FIXED INTEREST STOCKS

Stock	Closing price £	+or−
Antofagasta 3.5% Pref.(£1)	60p	
Benlox 9% Conv. Cum. Rd. Pf.	101	
Bournemouth Water 9% Red. Prf. 1989	11¼	
Cronite 10% Cnv. Uns. Ln. '92	1½pm	
First Nat. 12¼pc Conv. Uns. Ln. 1987	126	+3
LonaCont 11¼% Conv. Sub Uns. Ln. '95-02	108	
Marlborough Props. 10% Cnv. Ln. '96-2002	92	
Midland Bk. 14% Sub. Uns. Ln. 2002-07	26½	−¼
Nationwide Bdg. Soc. 13½% (6/6/83)	100¼	+¼
Do. 14% (4/7/83)	100⅛	
New Zealand 14¼% 1987	36	−½
Rotaprint 11% Conv. Red. Pref	1ppm	

"RIGHTS" OFFERS

Stock	Closing price p	+or−
Applied Computer Tech.	190	+1
Bank Leumi (UK) £1	158	
Cronite	1½pm	
Goal Pet. 5p	3pm	−1
Grand Met 50p	235	+1
Jenks & Cattell	23pm	
Minster Assets	10pm	+1
Press (Wm.) 10p	60	
Saatchi & Saatchi 10p	420	+2
Sketchley	263	+3
Young (H.)	25	

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimate. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. g Assumed dividend and yield. t Indicated dividend; cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend; cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1982. Q Gross. T Figures assumed. ● Figures or report awaited. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price. p Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or take-over. ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants. †† Dealings under special Rule. ‡ Unlisted Securities Market. ‡‡ London Listing. † Effective issue price after scrip. † Formerly dealt in under Rule 163(2)(e). †† Unit comprising five ordinary and three Cap. shares. ▲ Issued free as an entitlement to ordinary holders.

MONDAY'S ACTIVE STOCKS

Based on bargains recorded in SE Official List

Stock	No. of price changes	Monday's closing price pence	Day's change
GEC	13	£10¾	—
RTZ	13	391	+21
Amersham	11	228	−2
Eagle Star	10	370	+2
Glaxo	10	758	+16
Plessey	10	495	—
Royal Ins	10	342	+2
Thorn EMI	10	390	+8
BP	9	266	−6
Cable & Wire	9	293	+3
De Beers Dfd	9	204	+2
ICI	9	296	−2
MEPC	9	168	—
BAT Inds	8	448	+3

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday

Stock	Closing price pence	Day's change
Blundell-Permaglaze	123	−5
British Car Auction	99	+5
Burmah Oil	127	−4
Driefontein	£10	+¾
Glaxo	765	+9
Kloof Gold	£12	+¾
Minet	148	−2
Sothebys	290	+15
Thorn EMI	385	−5
Ultramar	373	−12
Vaal Reefs	£36	—
Westland	126	−5

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS

Figures in parentheses show number of stocks per section

	Tues July 13 1982 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Mon July 12 Index No.	Fri July 9 Index No.	Thurs July 8 Index No.	Wed July 7 Index No.	Year ago (approx.) Index No.
1 CAPITAL GOODS (209)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2 Building Materials (25)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
3 Contracting, Construction (28)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
4 Electricals (30)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
5 Engineering Contractors (11)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
6 Mechanical Engineering (67)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
8 Metals and Metal Forming (11)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
9 Motors (20)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
10 Other Industrial Materials (18)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
21 CONSUMER GROUP (202)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
22 Brewers and Distillers (22)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
25 Food Manufacturing (22)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
26 Food Retailing (14)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
27 Health and Household products (9)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
29 Leisure (25)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
32 Newspapers, Publishing (13)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
33 Packaging and Paper (14)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
34 Stores (45)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
35 Textiles (25)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
36 Tobaccos (3)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
39 Other Consumer (14)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
41 OTHER GROUPS (76)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
42 Chemicals (15)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
44 Office Equipment (4)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
45 Shipping and Transport (13)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
46 Miscellaneous (40)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
49 INDUSTRIAL GROUP (487)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
51 Oils (13)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
59 500 SHARE INDEX	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
61 FINANCIAL GROUP (117)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
62 Banks (6)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
63 Discount Houses (9)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
65 Insurance (Life) (9)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
66 Insurance (Composite) (10)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
67 Insurance Brokers (7)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
68 Merchant Banks (12)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
69 Property (49)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
70 Other Financial (15)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
71 Investment Trusts (111)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
81 Mining Finance (4)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
91 Overseas Traders (18)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
99 ALL-SHARE INDEX (750)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST

PRICE INDICES	Tues July 13	Day's change %	Mon July 12	xd adj. today	xd adj. 1982 to date
British Government					
1 5 years	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2 5-15 years	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
3 Over 15 years	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
4 Irredeemables	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
5 All stocks	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
6 Debentures & Loans	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
7 Preference	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

AVERAGE GROSS REDEMPTION YIELDS		Tues July 13	Mon July 12	Year ago (approx.)
British Government				
1 Low Coupons	5 years	[illegible]	[illegible]	[illegible]
2	15 years	[illegible]	[illegible]	[illegible]
3	25 years	[illegible]	[illegible]	[illegible]
4 Medium Coupons	5 years	[illegible]	[illegible]	[illegible]
5	15 years	[illegible]	[illegible]	[illegible]
6	25 years	[illegible]	[illegible]	[illegible]
7 High Coupons	5 years	[illegible]	[illegible]	[illegible]
8	15 years	[illegible]	[illegible]	[illegible]
9	25 years	[illegible]	[illegible]	[illegible]
10 Irredeemables		[illegible]	[illegible]	[illegible]
11 Debs & Loans	5 years	[illegible]	[illegible]	[illegible]
12	15 years	[illegible]	[illegible]	[illegible]
13	25 years	[illegible]	[illegible]	[illegible]
14 Preference		[illegible]	[illegible]	[illegible]

† Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A new list of constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 28p.

NEW HIGHS AND LOWS FOR 1982

The following quotations in the Share Information Service yesterday attained new Highs and Lows for 1982.

NEW HIGHS (35)

[illegible]

NEW LOWS (58)

[illegible]

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	1	62	28
Corpns. Dom. and Foreign Bonds	14	10	52
Industrials	188	228	821
Financial & Props.	71	88	322
Oils	12	42	54
Plantations	1	6	15
Mines	48	21	46
Others	90	26	41
Totals	455	476	1,527

CURRENCIES and MONEY

Dollar firmer

The dollar showed a firmer trend in confused foreign exchange trading, with most demand for the U.S. currency coming from New York towards the close of trading in Europe. A more pessimistic view of future trends in U.S. interest rates, and an upward move in Eurodollar rates, encouraged dollar buying in a fairly thin market.

Sterling was strong against most major currencies, but lost ground to the dollar. The expected cut *in London* clearing bank base rates did not depress the pound, although market sources suggested that the Bank of England may have intervened to prevent any sharp fluctuations in New York after the close of London trading.

DOLLAR — Trade-weighted index (Bank of England) 121.3 against 120.2 on Monday, and 108.4 six months ago. Three-month Treasury bills 11.96 per cent (11.88 per cent six months ago). Annual inflation 6.7 per cent (6.6 per cent previous month) — The dollar rose to DM 2.4950 from DM 2.4720 against the D-mark; to FFr 6.9250 from FFr 6.8725 against the French franc; to SwFr 2.1260 from SwFr 2.1025 in terms of the Swiss franc; and to Y257.25 from Y253.90 against the Japanese yen.

STERLING — Trade-weighted *index 91.3, against 91.3 at noon,* 91.1 at the opening, 91.2 at the previous close, and 90.3 six *months ago. Three-month inter*bank $12\frac{?}{16}$ per cent ($15\frac{1}{4}$ per cent six months ago). Annual inflation *9.5 per cent (9.4 per cent pre*vious month) — The pound opened at $1.7265-1.7275 against *the dollar and rose to a peak of* $1.7325-1.7335 at noon. In the afternoon it fell to $1.7210-1.7220, *and closed at $1.7235-1.7245, a* fall of 1.10 cents on the day. Sterling rose to DM 4.3050 from *DM 4.29 against the D-mark;* to FFr 11.9350 from FFr 11.9225; to SwFr 3.6675 from SwFr 3.65; and to Y443.50 from Y440.50.

D-MARK — EMS member (weakest). Trade-weighted index 124.2 against 124.7 on Monday, and 122.2 six months ago. Three-month interbank 9.475 per cent (10.525 per cent six months ago). Annual inflation 5.8 per cent (5.3 per cent previous month) — The D-mark showed little change at the Frankfurt fixing, but lost ground to the dollar and sterling. Firmer Euro-*dollar interest rates pushed* the U.S. currency up to DM 2.4792 from DM 2.4611 at the Frankfurt *fixing, without any intervention* by the Bundesbank. Sterling rose to DM 4.2960 from DM 4.2760, but within the EMS the French franc was unchanged at DM 35.98 per 100 francs, and the Italian lira was unchanged at DM 1.7870 per 1,000 lira. On the other hand the guilder fell to DM 90.65 from DM 90.665 per 100 guilders, and the Belgian franc to DM 5.25 from DM 5.2540 per 100 francs.

ITALIAN LIRA—EMS member (strongest). Trade-weighted index 53.6 against 53.7 on Monday, and 55.4 six months ago. Three-month interbank $20\frac{7}{16}$ per cent ($21\frac{1}{2}$ per cent six months ago). Annual inflation 15.2 per cent (15.5 per cent previous month)—The lira lost ground to the dollar and sterling at the Milan fixing, but improved against most other currencies. The dollar rose to *L1,387.80* from L1,378.70, and the pound to L2,402.80 from L2,392.75. Among EMS members the *D-mark fell* to L559.63 from L560.11; the Dutch guilder to L507.31 from *L507.97; and the French franc to* L201.22 from L201.51.

JAPANESE YEN — Trade-weighted index 132.2 against 133.4 on Monday, and 143.2 six months ago. Three-month bills 7.28125 per cent (6.59375 per cent six months ago). Annual inflation 2.3 per cent (2.8 per cent *previous month)—The yen* weakened against the dollar in quiet Tokyo trading. The U.S. currency rose to Y255.12½ from Y252.95, after opening at Y255.30, and moving within a narrow range of Y255.10 and Y255.70.

THE POUND SPOT AND FORWARD

July 13	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.7210-1.7335	1.7235-1.7245	0.25-0.35c dis	−2.09	1.10-1.20dis	−2.67
Canada	*2.1910-2.2010*	*2.1945-2.1955*	*0.78-0.88c dis*	−4.54	2.45-2.55dis	−4.55
Nethlnd.	4.72-4.76	4.73½-4.74½	1⅝-1⅜c pm	3.48	4⅜-3⅝ pm	3.27
Belgium	81.50-82.00	81.85-81.95	13-23c dis	−2.64	52-62 dis	−2.78
Denmark	14.82-14.88	14.86½-14.87½	⅜-1⅝ore dis	−1.01	9-10⅝ dis	−2.61
Ireland	1.2440-1.2500	1.2485-1.2495	0.62-0.75p dis	−6.58	1.92-2.07dis	−6.39
W. Ger.	4.28-4.31	4.30-4.31	1⅝-1⅛pf pm	3.83	4-3¾ pm	3.48
Portugal	145.50-146.75	145.50-146.00	70-250c dis	−13.17	495-540dis	−14.20
Spain	*192.50-193.50*	*192.60-192.80*	*160-190c dis*	−10.90	560-595dis	−11.59
Italy	2398-2405	2402½-2404½	14-17lire dis	−7.74	48½-51½ dis	−8.32
Norway	10.99-11.03	10.99½-11.00½	3½-4½ore dis	−4.43	9-10½ dis	−3.48
France	11.91-11.95	11.93-11.94	2⅛-3¼c dis	−2.76	9-10½ dis	−3.27
Sweden	10.59½-10.64½	10.60-10.61	1¼-2½ore dis	−2.40	6¾-7½ dis	−2.57
Japan	440-445	443-444	2.15-1.95y pm	5.55	5.50-5.30 pm	4.87
Austria	30.12-30.21	30.15-30.20	12⅛-9⅛gro pm	4.28	29½-23 pm	3.48
Switz.	*3.65-3.68*	*3.66½-3.67½*	*2⅞-2⅝c pm*	8.59	7¼-6¾ pm	7.63

Belgian rate is for convertible francs. Financial franc 88.55-88.65. Six-month forward dollar 2.37-2.47c dis. 12-month 4.20-4.35c dis.

THE DOLLAR SPOT AND FORWARD

July 13	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.7210-1.7335	1.7235-1.7245	0.25-0.35c dis	−2.09	1.10-1.20dis	−2.67
Ireland†	1.3860-1.3885	1.3870-1.3885	0.56-0.46c pm	4.41	1.37-1.27 pm	3.80
Canada	1.2705-1.2762	1.2740-1.2750	0.27-0.30c dis	−2.69	0.58-0.61dis	−1.87
Nethlnd.	2.7330-2.7610	2.7480-2.7610	1.35-1.25c pm	5.69	4.00-3.90 pm	5.77
Belgium	*47.22-47.52*	*47.50-47.52*	*2-4c dis*	−0.76	*4-7 dis*	−0.46
Denmark	8.5250-8.5875	8.5250-8.5300	0.75-0.50ore pm	0.87	0.50-1.00dis	−0.35
W. Ger.	2.4790-2.4990	2.4945-2.4955	1.25-1.20pf pm	5.89	3.67-3.62 pm	5.84
Portugal	84.20-84.70	84.45-84.70	30-130c dis	−11.36	70-370dis	−10.40
Spain	111.70-112.25	*112.15-112.25*	*75-85c dis*	−8.59	225-245 dis	−8.41
Italy	1,387-1,396	1,393-1,395	6-7lire dis	−5.62	20-22 dis	−6.05
Norway	6.3590-6.3875	6.3825-6.3875	1.10-1.50ore dis	−2.45	1.80-2.00dis	−1.13
France	6.8850-6.9325	6.9225-6.9275	0.20-0.40c dis	−0.52	1.00-1.50dis	−1.01
Sweden	6.1360-6.1590	6.1540-6.1590	par-0.15ore dis	−0.15	0.60-0.45 pm	0.34
Japan	254.60-257.80	257.20-257.30	1.68-1.58y pm	7.56	4.80-4.70 pm	7.38
Austria	17.44½-17.48	17.47½-17.48	9½-8½gro pm	6.27	28-25 pm	6.07
Switz.	2.1100-2.1300	2.1255-2.1265	1.98-1.91c pm	11.01	5.50-5.42 pm	10.27

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

CURRENCY MOVEMENTS

July 13	Bank of England Index	Morgan Guaranty Changes%
Sterling	91.3	−32.1
U.S. dollar	121.3	+12.7
Canadian dollar	86.5	−20.5
Austrian schilling	117.0	+26.9
Belgian franc	95.0	−1.0
Danish kroner	81.9	−14.5

CURRENCY RATES

July 12	Bank rate %	Special Drawing Rights	European Currency Units
Sterling	—	0.628820	0.550484
U.S. $	12	1.08945	0.953438
Canadian $	16.50	*	1.21134
Austria Sch.	6¾	19.0171	16.6375
Belgian F.	14	51.5083	45.0452
Danish Kr.	11	9.34731	8.17811

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU July 13	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc ...	44.9704	45.0452	+0.17	−0.06	±1.5501
Danish Krone ...	8.23400	8.17811	−0.68	−0.91	±1.6430
German D-Mark	2.33379	2.36376	+1.28	+1.05	±1.0888

EXCHANGE CROSS RATES

July 13	Pound Sterling	U.S. Dollar	Deutschem'k	Japanese Yen	French Franc	Swiss Franc	Dutch Guild	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	1.724	4.305	443.5	11.94	3.668	4.740	2404.	2.195	81.90
U.S. Dollar	0.580	1.	2.497	257.3	6.923	2.127	2.749	1394.	1.273	47.51
Deutschemark	0.232	0.400	1.	103.0	2.772	0.852	1.101	558.3	0.510	19.02
Japanese Yen 1,000	2.255	3.887	9.707	1000.	26.91	8.269	10.69	5419.	4.949	184.7
French Franc 10	0.838	1.444	3.607	371.6	10.	3.073	3.972	2014.	1.839	68.62
Swiss Franc	0.273	0.470	1.174	120.9	3.254	1.	1.292	655.4	0.599	22.33
Dutch Guilder	0.211	0.364	0.908	93.57	2.518	0.774	1.	507.1	0.463	17.28
Italian Lira 1,000	0.416	0.717	1.791	184.5	4.966	1.526	1.972	1000.	0.913	34.08
Canadian Dollar	0.456	0.785	1.961	202.1	5.437	1.671	2.159	1095.	1.	37.31
Belgian Franc 100	1.221	2.105	5.256	541.5	14.57	4.478	5.788	2935.	2.680	100.

FT LONDON INTERBANK FIXING (11.00 a.m. JULY 13)

3 months U.S. dollars		6 months U.S. dollars	
bid 14 15/16	offer 14 15/16	bid 14 15/16	offer 15 1/16

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

EURO-CURRENCY INTEREST RATES (Market closing Rates)

July 13	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	D-mark	French Franc	Italian Lira	Belgian Franc Conv.	Belgian Franc Fin.	Yen	Danish Krone
Short term	12⅝-12¾	13¼-13½	16½-17½	8¾-8⅞	1¾-2	8⅝-8¾	14½-15	18¼-19¼	14¼-15¾	15-15	6¾-6⅞	9-10½
7 day's notice	12⅝-12¾	13⅝-13⅞	16¾-17	8¾-8⅞	1⅞-2⅛	8½-8⅝	14½-15	18¼-20⅞	14¼-15½	15-15¼	6$\frac{13}{16}$-6⅞	14-15½
Month	12$\frac{11}{16}$-12$\frac{13}{16}$	14¼-14½	16⅜-16⅝	8¾-8⅞	3$\frac{15}{16}$-4$\frac{1}{16}$	8¾-8$\frac{15}{16}$	14½-15	19⅜-20⅛	14½-15¼	15$\frac{1}{16}$-15$\frac{3}{16}$	7$\frac{1}{16}$-7$\frac{3}{16}$	14⅛-15⅝
Three months	12$\frac{11}{16}$-12$\frac{13}{16}$	14⅞-14⅛	16$\frac{13}{16}$-16$\frac{15}{16}$	8$\frac{13}{16}$-8$\frac{15}{16}$	4½-4⅝	9-9⅛	15¼-15¾	20⅝-21¼	14⅞-15⅜	15⅛-15½	7$\frac{5}{16}$-7⅜	15¼-15¾
Six months	12$\frac{1}{2}$-12$\frac{5}{8}$	14⅛-14⅜	15$\frac{13}{16}$-16$\frac{1}{16}$	9$\frac{1}{16}$-9$\frac{3}{16}$	5$\frac{3}{16}$-5$\frac{5}{16}$	9⅛-9¼	16¼-16¾	21-21½	15¼-15¾	15-15⅛	7$\frac{5}{16}$-7⅜	16¼-17¾
One Year	12½-12⅝	14⅞-14⅛	16⅝-16⅞	9$\frac{1}{16}$-9$\frac{3}{16}$	5½-5⅝	9-9⅜	17⅜-17⅞	21⅝-22¼	15¼-15¾	14$\frac{15}{16}$-15⅛	7⅛-7¼	17-18½

SDR linked deposits: one month $12\frac{5}{16}$-$12\frac{7}{16}$ per cent; three months $12\frac{9}{16}$-$12\frac{11}{16}$ per cent; six months $12\frac{5}{8}$-13 per cent; one year $12\frac{13}{16}$-$13\frac{3}{16}$ per cent.
ECU linked deposits: one month $11\frac{7}{8}$-$12\frac{1}{4}$ per cent; three months $12\frac{3}{8}$-$12\frac{3}{4}$ per cent; six months $12\frac{5}{8}$-13 per cent; one year $12\frac{7}{8}$-$13\frac{1}{4}$ per cent.
Asian $ (closing rates in Singapore): one month $14\frac{1}{8}$-$14\frac{3}{8}$ per cent; three months $14\frac{7}{8}$-15 per cent; six months $14\frac{15}{16}$-$15\frac{1}{16}$ per cent; one year $14\frac{15}{16}$-$15\frac{1}{16}$ per cent. Long-term Eurodollar two years $14\frac{3}{16}$-$14\frac{5}{16}$ per cent; three years $14\frac{5}{16}$-$14\frac{7}{16}$ per cent; four years $14\frac{7}{16}$-$14\frac{9}{16}$ per cent; five years $14\frac{9}{16}$-$14\frac{11}{16}$ per cent; nominal closing rates. Short-term rates are call for U.S. dollars, Canadian dollars and Japanese yen; others two days' notice.
The following rates were quoted for London dollar certificates of deposit: one month 14.00-14.10 per cent; three months 14.40-14.50 per cent; six months 14.60-14.70 per cent; one year 14.60-14.70 per cent.

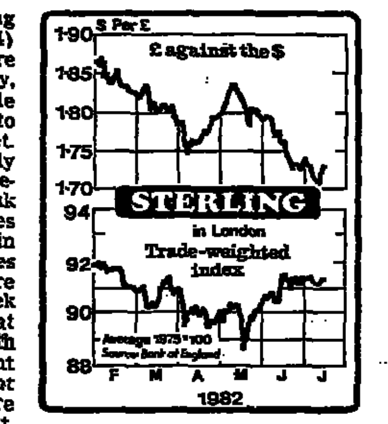
MONEY MARKETS

Bank base rates cut to 12%

UK clearing bank base lending rate 12 per cent (since June 14)

Clearing bank base rates were cut to 12 per cent yesterday, down from 12½ per cent while deposits for seven days fell to 9 per cent from 9½ per cent. Yesterday's cut had already been widely discounted in prevailing market rates, with Bank of England intervention rates falling by around half a point, in the last week. Market rates were slightly easier where changed yesterday. One week interbank money was quoted at 12½-12¾ per cent, compared with 12½-12⅞ per cent. Overnight *money opened at 12½-12¾ per cent* and rose to 12¾ per cent before coming back to 12½ per cent. *Balances later in the day were* taken down to 6 per cent.

The Bank of England forecast a *shortage of around £300m,* with factors affecting the market including bills maturing in *official hands and a net take up* of Treasury bills —£134m, the



unwinding of previous sale and repurchase agreements —£300m, Exchequer transactions —£50m, *partly offset by a fall in the note* circulation of £90m. The Bank gave assistance in the morning *of £304m at the same time* cutting its dealing rates by up to a quarter of a point. It bought £5m of local authority bills and £4m of eligible bank bills in band 1 (up to 14 days) at 12½ per cent and £143m of *eligible bank bills in band 2 (15-33 days)* at 12-12⅛ per cent. In band 3 (34-63 days) it bought *£97m* of eligible bank bills at 11⅞-11$\frac{15}{16}$ per cent and in band 4 (64-91 days) £27m of Treasury bills and £16m of local authority bills at 11⅞ per cent and £12m of eligible bank bills (64-84 days) at 11$\frac{13}{16}$-11⅞ per cent.

The forecast was later revised to a shortage of £450m before taking into account the morning's operations and the authorities gave further help of £182m, *making a grand total of £486m.* The afternoon assistance comprised purchses of eligible bank *bills, £41m in band 1 at 12⅛ per* cent, £55m in band 2 at 12 per cent, £2m in band 3 at 11⅞ per *cent and £84m in band 4 at 11⅞-*11$\frac{15}{16}$ per cent.

EUROCURRENCIES

Eurodollars firmer

MONEY RATES

LONDON MONEY RATES

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED TRUSTS

INSURANCE & OVERSEAS MANAGED FUNDS

INSURANCES

Abbey Life Assurance Co. Ltd. (z)
1-3 St. Paul's Churchyard, EC4P 4DX. 01-248 9111

Property Fund	228.7	240.8	+0.2	—
Equity Fund	48.9	51.5	+0.1	—
Property Acc.	267.9	282.1	+0.2	—
Equity Acc.	48.5	51.1	+0.2	—
Selective Fund	147.3	155.1	+0.4	—
Money Fund	167.6	176.5	+0.2	—
Convertible Fund	179.9	189.4	+0.3	—
Prop. Fd. Ser. 4	211.1	222.3	+0.2	—
Equity Ser. 4	54.6	57.5	+0.1	—
Man. Ser. 4	199.0	209.5	+0.3	—
Money Ser. 4	152.0	160.1	+0.2	—
Conv. Ser. 4	152.2	160.3	+0.3	—
Fixed Int. Fd. Ser. 4	119.8	126.2	−0.2	—
American Ser. 4	109.8	115.6	+1.3	—
High Inc. Ser. 4	114.8	120.9	.....	—
Indexed Inv. Series 4	97.0	102.2	+0.1	—
Pension Property	319.8	336.7	+0.3	—
Pension Equity	284.2	299.2	+0.9	—
Pension Selective	148.7	156.6	+0.3	—
Pension Managed	296.8	312.5	+0.5	—
Pension Security	224.3	236.1	+0.6	—
Pension Fixed Int.	117.0	123.2	−0.2	—
Pension Indexed Inv.	97.2	102.4	+0.1	—

Albany Life Assurance Co. Ltd.
31, Old Burlington St., W.1. 01-437 5962

Equity Fd. Acc.	319.5	336.3	+0.3	—
Fixed Int. Acc.	200.3	210.8	+1.2	—
Gtd. Money Fd. Ac.	157.0	165.3	.....	—
Intl. Man. Fd. Acm.	138.9	146.2	+1.3	—
Intl. Fxd. Int. Fd.	108.9	114.6	+0.2	—
Prop. Fd. Acc.	159.6	168.0	.....	—
M'ple Inv. Acc.	249.1	262.3	+1.0	—
Equity Pen. Fd. Acc.	438.7	461.7	+0.6	—
Fixed I. Pen. Acc.	325.1	342.2	+2.9	—
G'td. Mon. Pen. Acc.	218.3	229.8	+0.2	—
Intl. Mn. PnFdAcc.	160.1	168.4	+1.4	—
Prop. Pen. Acc.	210.8	221.9	.....	—
M'ple Inv. Pen. Acc.	361.6	380.6	+1.7	—

AMEV Life Assurance Ltd.
2-6, Prince of Wales Rd., B'mouth. 0202 762222

Managed Fd.	193.9	204.3	.....	—

Crown Life—Continued

St. George Mangd. Fd.	110.2	116.0	.....	—
Lincs & Gen. Fd.	116.1	122.2	.....	—
Sage Fd.	84.5	88.9	.....	—
Heritage Fd.	98.3	103.4	.....	—
DBS Managed	103.4	108.8	.....	—
Crown. Brd. Inv. A		217.2		
Pens. Mixed. Fd.	149.4	154.8	.....	—
Pens. Mang'd. Acc.	111.4	117.2	.....	—
Pens. Mang'd. Inc.	107.3	112.9	.....	—
Pens. Equity Acc.	99.8	105.0	.....	—
Pens. Equity Inc.	95.8	100.8	.....	—
Pens. Fxd. Int. Acc.	109.6	115.3	.....	—
Pens. Fxd. Int. Inc.	105.5	111.0	.....	—
Pens. Money Acc.	109.5	115.2	.....	—
Pens. Money Inc.	105.2	110.7	.....	—

Crusader Insurance PLC
Tower Hse, 38 Trinity Sq. EC3N 4DJ 488 2323

Growth Prop July 6	101.1	111.2	.....	—
Managed Pens. June 9	117.24	123.41	.....	—

Eagle Star Insur./Midland Assur.
1, Threadneedle St., EC2. 01-588 1212

Eagle/Mid. Units	78.0	80.9	−0.4	6.15

Equity & Law Life Ass. Soc. Ltd.
Amersham Road, High Wycombe. 0494 33377

UK Equities Fund	186.1	195.8	−0.3	—
Higher Inc. Fund	119.6	125.8	.....	—
Property Fund	192.3	202.4	+0.1	—
Fixed Interest Fund	144.6	152.2	−0.4	—
Index Linked Secs Fnd.	93.6	98.5	+0.1	—
Gtd. Deposit Fund	136.1	143.2	+0.2	—
Nth. America Fund	104.5	109.9	+1.1	—
Far East Fund	82.8	87.1	−0.1	—
International Fund	96.9	102.0	+0.4	—
Mixed Fund	167.4	176.2	−0.1	—

Equity & Law (Managed Funds) Ltd.
Amersham Road, High Wycombe. 0494 33377

Ind. Pen. Equity	194.2	204.4	.....	—
Ind. Pen. Property	144.1	151.6	.....	—
Ind. Pen. Fixed Int.	138.4	145.6	.....	—
Ind. Pen. Indx Lk. Sec.	102.9	108.3	.....	—
Ind. Pen. Overseas	145.0	152.6	.....	—
Ind. Pen. Cash	135.5	142.6	.....	—
Ind. Pen. Balanced	153.9	161.9	.....	—
Ind. Pen. Dep. Admin.	135.5	142.6	.....	—

Prices at June 30. Next settlement July 15.

OFFSHORE AND OVERSEAS

NOTES
... otherwise indicated and ... prefix refer to U.S. ... column) allow for all ... prices include all ... Yield based on offer ... day's opening price. ... p Periodic ... s Single premium ... includes all expenses ... Offered price includes ... managers. Z Previous ... gross. # Suspended. ... † Ex-subdivision. ... le bodies.

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

1982 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
		"Shorts" (Lives up to Five Years)				
99⅞	95⅝	Exch. 9¼pc 1982	99⅞	+⅛	9.32	12.48
98¼	94⅜	Exch. 8¼pc 1983	98¼	......	8.86	11.40
95½	91	Exch. 3pc 1983	95½	......	3.14	10.68
99¾	95¼	Treasury 12pc 1983‡‡	99¾	......	12.03	12.17
98	92⅞	Treasury 9¼pc '83	98xd	......	9.44	11.40
102	96⅞	Exch. 13½pc '83	101½	......	13.30	12.16
98¼	91⅞	Exch. 10pc 1983	98¼	......	10.18	11.23
95½	87⅞	Funding 5½pc '82-84‡‡	95½xd	......	5.76	8.74
99	91⅞	Exch. 11¼pc 1984	99	......	11.36	11.86
102⅝	96¼	Exchequer 14pc 1984	102¼	−⅛	13.69	12.54
89¾	81¼	Exch. 3pc 1984	89¾	......	3.34	8.86
98¾	91½	Treasury 12pc 1984	98¾	−⅛	12.15	12.59
104⅝	96¼	Treasury 15pc 1985	104½	−⅛	14.35	12.88
98⅝	89½	Exch. 12pc Cnv. '85	98¼	−⅛	12.21	12.74
85	73½	Treasury 3pc 1985	85	......	3.53	9.06
97⅜	87½	Treasury 11½pc 1985	97⅜xd	−⅛	11.81	12.58
98¾	88⅝	Exch. 12¼pc 1985	98¼	−⅛	12.41	12.64
97¼	86⅞	Exch. 11¾pc '86	97	−⅛	12.11	12.79
81½	69	Treasury 3pc 1986	81½	......	3.68	8.76
97¾	86¼	Treasury 12pc '86	97⅝	−⅛	12.29	12.77
91	80⅜	Treasury 8¼pc '84-86‡‡	91	......	9.34	11.36
30½	28⅝	Treas. 12¼pc '86 (£30pd)	30½	−⅛	12.53	12.83
103⅛	91⅞	Exch. 14pc 1986	102⅞	−¼	13.61	13.06
103⅞	90	Exch. 13¼pc 1987	100¾xd	−⅛	13.15	12.98
84⅛	73⅞	Funding 6½pc '85-87‡‡	84⅛	......	7.73	10.82
77	64½	Treasury 3pc 1987	76¾xd	−¼	3.91	8.93
		Five to Fifteen Years				
98½	85⅞	Treas. 12pc 1987	98⅛	−⅜	12.53	13.10
85⅝	72½	Treasury 7¾pc '85-88‡‡	84xd	......	9.20	11.69
71	60⅛	Transport 3pc '78-88	70⅞	−⅛	4.24	9.54
96⅛	79⅞	Treasury 11½pc 1989	95⅝	−½	12.62	13.55

Over Fifteen Years

Undated

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This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £600 per annum for each security

FINANCIAL TIMES
Wednesday July 14 1982

BSC HALVES PRE-TAX LOSS TO £335m

Steel cuts decision shelved

BY IAN RODGER

THE BRITISH STEEL Corporation has postponed until autumn a decision on whether to make further substantial cuts in capacity.

This emerged yesterday, with confirmation that BSC had met its revised forecast of last March and halved its pre-tax loss last year to £335m.

BSC aimed to keep the loss at £318m, but had to revise this upward when bad weather and rail strikes in January caused losses of £41m.

The corporation's review of its plant configuration, undertaken in spring in the light of a sharp fall in orders, was to be completed early in August.

But BSC officials have decided to wait and see if settlement can be reached quickly in the dispute over subsidised steel exports to the U.S.

BSC has given an unconditional mandate to Viscount Etienne Davignon, EEC Industry Commissioner, to negotiate a deal on the subsidy now with the U.S., but some European steel companies are more cautious.

The Government and BSC are upset over the imposition by the U.S. last month of countervailing duties of 40 per cent on BSC exports.

BSC has said it contemplated legal action against the U.S. Department of Commerce.

Tomorrow Mr Ian MacGregor, chairman of BSC and Mr Ken Binning, head of the materials and metals division in the Department of Industry, are to testify on the matter at a public Department of Commerce hearing in Washington.

They will say that the Government subsidies to BSC have been aimed mainly at reducing surplus capacity, not at cutting BSC selling prices.

Thus they are seen not as having hurt U.S. steel-producers but as having eased some of the massive overcapacity in the world steel industry.

The high level of Government subsidies to BSC was emphasised yesterday with the publication of BSC's annual report and accounts for the year to March.

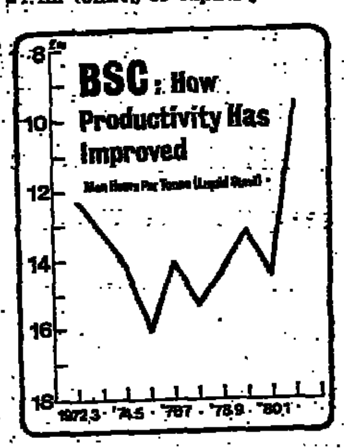
BSC's loss last year was £504m, and capital spending was £164m. Its external financing requirements reached £694m, down from £1.1bn in 1980-81.

Losses were reduced by a combination of vigorous cost-cutting, higher sales volumes and higher prices in the EEC in the second half.

Though UK steel consumption dropped 4 per cent, BSC's increased exports and recovery of home market share enabled it to raise production from 11.9m tonnes of liquid steel to 14m tonnes, very close to its 14.4m tonnes of capacity.

BSC WEEKLY LOSSES

	£m per week
1981	
January-March	15
April-June	8
July-September	7
October-November	4
1982	
December-January	8
February-March	2
Current	less than 2



Capital spending plans for this year are £200m. The external financing limit set by the Government is £365m.

Details, Page 6; French steel workers burn down HQ, Page 2
Men and Matters, Page 16

BNOC places £4.5m order abroad

BY RAY DAFTER

BRITISH National Oil Corporation, which is about to sanction the £900m development of a North Sea oil field, is in hot water with the Government for placing a £4.5m order with overseas contractors.

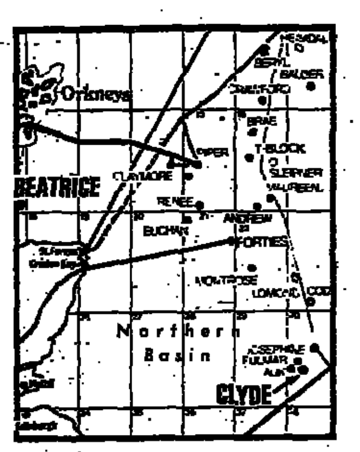
In spite of pressure from Mr Hamish Gray, Minister of State for Energy, and Energy Department officials, it is understood BNOC has awarded a vital contract for work on the Beatrice Field with Gotaverken Arendal, of Sweden, rather than UK contractors.

The contract—yet to be announced—will involve the fabrication of accommodation units and a helicopter deck for the second Beatrice production platform. About 14 per cent of the contract value will find its way back to the UK via consulting engineers Peil Frischmann and Partners, of London, which has been retained to design the equipment.

Mr Gray is said to be extremely upset and unhappy with the BNOC decision. However, it is understood that he and officials of the Energy Department's offshore supplies office were told that Gotaverken's bid was at least 10 per cent below the quotes of the nearest UK contenders—William Press and Brown and Root.

The row has erupted as BNOC and its partners—Shell and Esso—put the finishing touches to a £900m development plan for the Clyde Field. The consortium is due to meet soon as a prelude to submitting formal development proposals to the Energy Department.

The application could be submitted within the next few weeks. BNOC hopes to receive development consent by the end of the year in order to bring Clyde on stream by 1987.



BNOC and its partners wanted to start Clyde's development two years ago, but were held back by the Government, largely because of the Treasury's concern about the impact of the corportion's investment on the Public Sector Borrowing Requirement. The sale of shares in BNOC's exploration and production business, due later this year, should remove the corporation from PSBR considerations.

The Clyde orders will be eagerly awaited by the UK offshore supply industry, which has been hit by a dearth of North Sea orders. Thousands of jobs are threatened unless new field development plans are approved soon.

North Sea oil operators, like BNOC, have agreed with the Government that they will give UK equipment suppliers and service companies a full and fair opportunity to compete for all orders.

£650m W. German credit deal for pipeline

BY KEVIN DONE IN FRANKFURT

A WEST GERMAN banking consortium yesterday signed a DM 2.8bn (£650m) framework credit deal with the Soviet Union to finance the export of West German equipment to be used in the building of the 3,500-mile natural gas pipeline from West Siberia to Western Europe.

The signing of the agreement, reached in principle a year ago, underlines West German determination to press ahead with the gas project in spite of the disputed U.S. bid to block the supply of equipment for the project from European companies using U.S. technology.

The credit deal, signed in Leningrad with the Soviet Foreign Trade Bank during a meeting of the West German-Soviet Banking Commission, allows Moscow an option, to be exercised by the year-end, to increase the credit volume to DM 4bn.

The final volume of the buyer credits to be extended to Moscow will depend on the scale of the equipment contracts placed with West German companies, and these so far have been disappointing for German industry.

Most of the major items of equipment have already been ordered, with the lion's share going to Italy and France.

Major orders placed with German contractors include:

● Mannesmann — total work worth around DM 440m for equipment and engineering work for 22 of 41 compressor stations. Mannesmann is joint general contractor with Creusot Loire of France for the stations on the line's northern section. In addition to engineering fees of about DM 80m it has gained equipment orders worth some DM 360m for compressor station piping and skids.

● Liebherr—the supply of 323 truck-mounted cranes worth DM 360m.

● AEG-Telefunken—the supply of 47 gas turbines made using technology supplied by General Electric of the U.S. worth around DM 650m.

Mannesmann is also supplying 1.2m tonnes of large-diameter pipes.

Important equipment items such as the AEG turbines and five compressors ordered from Mannesmann Demag fall under the trade embargo imposed by the U.S. and it is still uncertain whether they can be delivered.

The Deutsche Bank, which is heading the consortium along with a lead group comprising Commerzbank, Dresdner Bank, Westdeutsche Landesbank, Bayerische Landesbank and the DG-Bank, said yesterday that the financing would be limited to 85 per cent of the worth of each contract. The credits would be given at "market conditions" and would be covered by guarantees from Hermes, the state-supported export credit institution.

All the equipment packages are being financed initially by supplier credits—which will be replaced by buyer credits as equipment is delivered.

Banks cut base rates to 12%

Continued from Page 1

their seven-day deposit rates by half a percentage point to 9 per cent.

The Council of the Building Societies Association is not due to meet until mid-September and while a specially convened meeting in the next few weeks is possible, it looks unlikely.

The societies point out that demand for mortgages remains very high, despite competition from the banks, and they can lend all available funds. The failure of the banks to cut their mortgage rates for the time being has eased the pressure on the societies for an immediate change in their present interest rate structure.

Building societies last reduced their mortgage rates—from a record 15 per cent to 13½ per cent—in March, since when bank base rates have fallen by a further 1 percentage point. Most of the clearing banks charge 13½ per cent for home loans, though they claim that different methods of calculating interest payments make their mortgages fully competitive with those of the societies.

When the societies do decide on interest rate changes, an all-round reduction of 1 percentage point seems the most likely outcome, although any further general interest rate reductions over the next few weeks would influence the final outcome. The societies are also anxiously watching the performance of National Savings, their biggest competitors in the savings field.

The societies' heavy lending programme was again underlined yesterday with the publication of mortgage statistics for June. They showed that while net receipts reached £429m, the third consecutive month they have been above £400m, the societies lent a record £1.36bn to homebuyers and promised to advance a further £1.4bn to mortgage applicants.

Mr Richard Weir, secretary-general of the Building Societies Association, said receipts in July so far had remained high. The period of "phenomenal growth" in lending was, he said, coming to an end, although he expected high lending levels to be maintained for the next few months at least.

The Bank of England cut its intervention rates by another ⅛ of a percentage point yesterday. However, UK money market rates failed to respond. The seven-day inter-bank rate fell by 1/16 per cent, but three-month rates remained unchanged and one-year rates rose by 1/16 of a percentage point.

EEC to look at cartel

Continued from Page 1

The EEC industry is working at only an estimated 60-65 per cent of installed capacity, and losses are, on some calculations, up to £1.5bn a year.

The idea of a "benign" cartel, in which there is no question of price-fixing or other interference with market mechanisms, stems in large part from the five-year-old EEC man-made fibre producers' arrangement due to end in October.

Though the EEC-backed grouping was for a time highly controversial and drew some criticism from the U.S., it is credited with having cut some 300,000 tonnes of excess capacity from the industry's 2m-plus tonnes.

Its failure has been inability to promote radical restructuring in the Italian industry. Brussels experts believe a similar problem would face any future petrochemicals cartel.

Industry experts suggest that the decision to hold today's exploratory talks reflects the urgency of the plastics producers' problems. It was expected that talks between the Brussels authorities and the major companies would be toward the end of the year.

Sue Cameron writes: All the companies going to see Vicomte Davignon today have suffered big losses on their plastics and petrochemicals businesses.

But last night it was far from clear that the six were all equally keen to have a fibres-type agreement for petrochemicals and plastics.

Mr John Harvey-Jones, chairman of ICI, for example, will attend the meeting but it is thought he is going only to keep a watching brief.

ICI said last night that it still believed the "Commission cannot deliver the industry from its problems."

Acas in rail move

Continued from Page 1

It was suggested last night that a trigger level for the maintenance of services might be about 25 per cent of normal working.

By 4 pm yesterday, BR had managed to run 1,083 services, compared with 1,057 in the same period on Monday. In the 24 hours to midnight it expected to have run 1,724 trains against Monday's 1,573. By 6 pm, 850 drivers had reported for duty compared with Monday's 762.

The Acas intervention followed contacts between all sides in the industry which began early yesterday morning.

It is understood that senior BR board officials went during the morning to Acas's London headquarters to see Mr Lowry. Mr Lowry and Mr Denis Boyd, Acas's chief conciliation officer, then went to BR headquarters during a lunchtime adjournment of the board meeting and put forward proposals to resolve the dispute.

Those are understood to have been that the flexible rosters imposed by BR at 70 drivers' depots should remain in force and that Aslef should call off its strike and recall immediately a policy-making delegates assembly to reconsider its opposition to the whole issue.

If accepted, these proposals would amount to a virtual capitulation by Aslef, though it was hoped that, because they had come via Acas, they might be more acceptable.

Tebbit will introduce third Bill on unions

By John Lloyd, Labour Editor

MR NORMAN TEBBIT, the Employment Secretary, yesterday gave virtual confirmation of his intention to introduce a third Employment Bill before the next election, covering internal union procedures.

At the same time, the Government toughened the present Employment Bill, now completing its progress through the Lords, by introducing an amendment. This aims to stop loopholes in the clause which outlaws contracts stipulating that only union labour may be used.

Mr Tebbit's intention to legislate was signalled in a speech to the American Chamber of Commerce, in which he used the rail dispute to point up his thesis that union leaders failed to represent their members' wishes.

"When trade union leaders consistently refuse to acknowledge the need for reform in their own institutions . . . then even dovish Ministers such as myself have to pay heed. The demands for trade union reform are strong and they are growing. That is perhaps the only positive result so far of the rail strike. No Government can afford to ignore such insistant demands."

Asked after his speech if this meant he was convinced of the need for a third Bill, Mr Tebbit said: "It could be read that way, couldn't it?" He added that a substantial period of consultation would be required.

It is understood that a Green Paper on union procedures is to be published in the next few months, and that a Bill could form part of the Queen's Speech at the end of 1983.

It is thought certain that such a measure would make it obligatory for unions to elect their executive committees by postal ballot. It could also include a measure to end the payment of the political levy, or to allow discretion regarding the party to which it was paid. Strike ballots, favoured by some Conservatives, are regarded with less favour.

The amendment to the present Bill—carried last night in the Lords with Liberal support by 144 votes to 48—was brought in once it became clear that Labour local authorities were circumventing the clause which outlaws labour only sub-contracts by obliging contractors to negotiate with unions.

Lord Mackay, the Lord Advocate, tolds peers: "We are not against employers recognising unions for negotiation and collective bargaining, but it should be an internal matter for an employer and his employees."

Tebbit derides union leadership, Page 11

Weather

UK TODAY

CLOUDY with outbreaks of thundery rain. Brighter later with showers. Dry with sunny periods in the north.

Most of England and Scotland
Thundery showers. Sunny periods. Max. 23C (73F).

Wales, W. of England, Isle of Man, N. Ireland and W. of Scotland
Cloudy with rain, heavy and thundery at times.

Outlook: Changeable.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	S	28	82	L Ang†	C	17	63
Algiers	F	33	91	Luxmbg	S	28	82
Amdm	S	26	79	Luxor	S	37	99
Athens	S	28	82	Madrid	S	26	79
Bahrain	S	35	95	Majorca	F	30	86
Barclna	F	29	84	Malaga	S	31	88
Beirut				Malta	S	34	93
Belfast	C	15	59	M'chstr	F	23	73
Belgrd	F	21	70	Melbne	F	12	54
Berlin	S	28	82	Mx C†			
Biarritz	C	19	66	Miami†	F	28	82
Bmghm	F	21	70	Milan	C	28	82
Blackpl	C	18	64	Montrl†	F	17	63
Bordx	S	28	82	Moscow	S	28	82
Boulgn	F	24	75	Munich	S	25	77
Bristol	C	20	68	Nairobi	F	25	77
Brussels	S	27	81	Naples	S	28	82
Budpst	C	22	72	Nassau			
Cairo				Nwcstl.	S	17	63
Cardiff	C	18	64	N York†	S	23	73
Cas'b'ca	C	23	73	Nice	F	27	81
Cape T	S	20	68	Nicosia	S	27	81
Chicg†	C	18	64	Oporto	C	17	63
Cologne	S	29	84	Oslo	S	24	75
Cpnhgn	S	27	81	Paris	S	31	88
Corfu	C	25	77	Perth	C	20	68
Denver†	C	17	63	Prague	F	25	77
Dublin	F	20	68	Rykjvk.	R	12	54
Dbrvnk	S	24	75	Rhodes	S	27	81
Ednbgh	S	16	61	Rio J'o†			
Faro	S	24	75	Rome	S	29	84
Florence	C	31	88	Salzbrg	F	27	81
Frankft	C	29	84	S'cisco†	F	12	54
Funchal	F	21	70	S Mritz			
Geneva	S	27	81	Singapr	T	31	88
Gibrltr	S	24	75	S'tiago†			
Gl'sg'w	F	18	64	Stckhm	S	22	72
G'rnsey	C	16	61	Strasbg	S	29	84
Helsinki	S	24	75	Tangier	F	24	75
H Kong	R	25	77	Tel Aviv	S	27	81
Innsbrk	F	26	79	Tenerife	C	24	75
Invrnss	C	17	63	Tokyo	C	26	79
IoMan	C	15	59	T'r'nto†	S	15	59
Istanbul	S	26	79	Tunis	S	37	99
Jersey	C	18	64	Valencia	S	30	86
Jo'burg	S	15	59	Venice	C	27	81
L Pims	C	23	73	Vienna	S	25	77
Lisbon	C	19	66	Warsaw	C	25	77
Locarno	F	28	82	Zurich	S	27	81
London	S	24	75				

C—Cloudy. F—Fair. Fg—Fog. H—Hail. R—Rain. S—Sunny. Sl—Sleet. Sn—Snow. T—Thunder.
† Noon GMT temperatures.

THE LEX COLUMN

A grudging cut in base rates

"We are taking this early opportunity to reduce our base rates," said Mr Jeffrey Benson of National Westminster Bank yesterday. By "early" he must have meant early in the morning. Compared with the way in which the clearing banks fell over themselves to cut base rates on the slightest pretext seven times between October and June, yesterday's performance ranks somewhere between reluctant and ungracious. Barclays showed what it thought of the move by making its announcement an uncharacteristic last among the big four.

None of the clearers moved mortgage lending rates, despite all last year's pledges to keep these at the keenest possible level. That allows the building society movement to go back to sleep until its next meeting in September, which means that building society ordinary share rates will stay up for some time yet. And that is a big problem for the clearing banks, who are already losing deposits: last month's net building society inflows were over £400m for the third time running. The clearers' new seven-day rate of 9 per cent is simply not competitive.

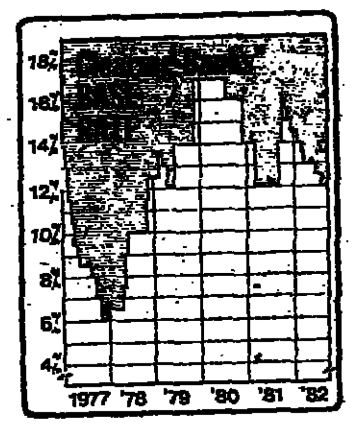
In addition, there is no shortage of loan demand even at interest rates some way above the present level. However flat the economy may be, it is not for the lack of bank credit. The new level of base rates—12 per cent—has been the lowest point reached in the last two little interest rate cycles; rates have not been lower since the autumn of 1978, when they were rising sharply. For perfectly understandable reasons the monetary authorities have been manipulating rates downwards, but a fall in base and deposit rates is not really justified yet by the supply and demand for funds in the banking system.

The competitive position of the banks relative to the building societies weakens as interest rates fall, and indeed the clearers must look on the prospect of further reductions with something like dread. Bank charges are already designed in such a way as to rise automatically at lower interest rate levels, and thus offset the loss of endowment income on current account balances. But corporate customers are already jibbing at the cost of banking services and the public, which has come to expect free banking as of right, may not be an easy touch.

Logically the banks should lose market share in both deposit-taking and lending if at a certain level of interest rates the corporate bond market reopens. Loss of business will be painful, given the difficulties of reducing the banks' fixed overheards. The bearish view is put by brokers Quilter Goodison in a blanket "sell" recommendation for bank shares.

They expect operating costs of the big four to rise to 81.5 per cent of total income next year, which compares with a 1979 level of 70 per cent. The gap between the average yield on funds and their average cost could shrink from 3.2 percentage points last year to little over 2 points. Even with higher bank charges and no extraordinary provisions, Quilter sees profits going nowhere. This sort of squeeze has looked likely in the past—but interest rates have a habit of going up and saving the banks' bacon.

Index fell 3.2 to 554.3



Magnet & Southerns

The carnage that has taken place in the timber sector makes Magnet and Southerns' results for the year to March relatively sedate reading. Pre-tax profits have fallen by 15¼ per cent to £19.1m—or a quarter below the peak level in the year to March 1980. Volumes have been relatively resilient—at least by the standards of the sector—but the effective freeze on prices has squeezed margins.

In the Southern-Evans trading arm some price slippage has reduced profits by 14.6 per cent in spite of maintained volume. On the more important manufacturing side—Magnet Joinery—volume has come down by 6 per cent in the year, although this compares with a 10 per cent decline at the halfway stage and the implied second half improvement encompasses the bad winter weather, which probably cost the overall group £½m in terms of lost profits.

While the rest of the sector has been contracting, Magnet and Southerns has turned last year's net cash of £5.6m into debt approaching £1m, investing in 17 new depots, while a further 16 are planned. Several new products have been introduced while the group has bought Russian timber aggressively and cheaply—already prices have firmed by nearly a tenth from the depressed levels established in that sales schedule.

And it looks very much as if the timing has been impeccable. In the first quarter of the current year volumes have risen by about 11 per cent, and the increase in profits may approach 20 per cent. So £24m pre-tax should be exceeded this year. At 158p, down 6p yesterday, the p/e is in the mid-teens, but that would come down rapidly if there was a sustained recovery in demand. The yield is 4.3 per cent.

British Steel

The continuous-shrinkage process employed by the British Steel Corporation has begun to hit a few snags, even though most of the technical problems have long since been tackled by market leaders round the world.

Labour extrusion, a crucial operation on which the corporation has been experimenting doggedly for a decade, has suffered from diminishing returns; savings from this technique dropped from 45,000 units to 17,200 in the year to April 3. Since wage increases have pushed up earnings by 14 per cent in the last twelve months, BSC has little to show in cash terms for these efforts. Total employment costs of £1.1bn are almost exactly where they were five years ago, while sales have risen only 10 per cent over the period to £3.4bn.

Price-uplifts were farmed out last year to an independent contractor—the European Commission—with the gratifying result that prices rose by a quarter between October and February. That will have had a lot to do with the rapid fall-off in BSC's weekly loss, from £15m in the first quarter of 1981 to just under £2m recently.

But that still represents a significant running loss. And the present combination of declining orders and rising imports in the UK—with incipient protection measures from the U.S.—could make it hard to justify even the corporation's modest output plans.